



# Bangladesh Bank

Head Office  
Motijheel, Dhaka  
Bangladesh.

*Monetary Policy Department*

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## Minutes for the 6<sup>th</sup> meeting of Monetary Policy Committee (MPC)

The sixth meeting of the Monetary Policy Committee (MPC) was held on December 3, 2024 chaired by Dr. Ahsan H. Mansur, Governor, Bangladesh Bank. The meeting was attended by all the members—Dr. Md. Habibur Rahman, Deputy Governor of Bangladesh Bank; Dr. Sadiq Ahmed, Economist; Dr. Binayak Sen, Director General of the Bangladesh Institute of Development Studies (BIDS); Professor Masuda Yasmeen, Chairman, Department of Economics, University of Dhaka; and Dr. Md. Ezazul Islam, Executive Director, Monetary Policy Department, Bangladesh Bank. Besides, Mr. Mahmud Salahuddin Naser, Member Secretary of the MPC and Director of the Monetary Policy Department was also in attendance.

02. The MPC reviewed the decisions of the 5th MPC meeting and its implementation status. The MPC assessed the current macroeconomic situation, challenges, and outlook for the domestic & the global perspectives. Moreover, the MPC focused on reviewing the current inflation trend and outlook, economic activities and growth prospects, recent financial market developments, and developments in the external sector. Specifically, the MPC extensively reviewed overall banking sector's liquidity situation, particularly the cash flow shortage of some conventional as well as Islamic banks, interest rate trends, the foreign exchange reserve position, and exchange rate developments.

03. The committee acknowledged that although inflation remains elevated, the monetary policy stance is on the right track and there is no immediate need to raise the policy rate further. The committee anticipates that inflation will likely to decrease due to the downward trend in the global price outlook, moderation in geopolitical tensions, the stability in our exchange rate, the expected good harvest of *Aman* paddy, and the increasing supply of winter season vegetables.

04. The Chair highlighted that to ensure good governance in the banking sector, BB sorted out the asset quality assessment review program, aims to determine the scope, magnitude, and size of banks' tangible assets for further policy calibration. Additionally, the committee was informed about the mechanism of ongoing liquidity support in the banking system by Bangladesh Bank and its sterilization process through open market operations.

05. The MPC also recommended that Bangladesh Bank should remain focused on credit disbursement to productive sectors, especially agriculture, and the Cottage, Micro, Small, and Medium Enterprises (CMSME) for enhancing supply of essential goods and services.

06. Moving forward independent members asked BB management to investigate the observed slowdown in the growth of bank deposits despite the substantial increase in the deposit rates and the stability of the exchange rate and find ways to reverse this trend. Members also suggested to move away from the crawling peg exchange system to fully market based exchange rate, a review of the foreign exchange regime with a view to modernizing it and eliminate any remaining restriction on imports. Members emphasized the importance of coordination of monetary policy with fiscal policy, and stronger oversight of the Bangladesh Bank on the state owned banks, many of which are in dire financial health.

### **Resolution**

Based on an assessment of the current and evolving macroeconomic situation the MPC decided to:

- keep the policy rate unchanged at 10.0 percent, consequently the SDF and the SLF will also remain unchanged at 8.5 percent and 11.5 percent respectively.

07. The monetary contractionary measures will be continued until the desired level of inflation is achieved.

Sd/-

(Dr. Ahsan H. Mansur)  
Governor  
Bangladesh Bank