



# Bangladesh Bank

Head Office  
Motijheel, Dhaka

*Monetary Policy Department*

## **Terms of Reference for Monetary Policy Committee**

### **Introduction**

Pursuant to Article 7A of Bangladesh Bank Order, 1972, *to formulate and implement monetary policy*, Bangladesh Bank (BB) hereby establishes a "Monetary Policy Committee (MPC)" to perform the aforesaid function properly and prudently. The following paragraphs enumerate the Terms of Reference, including the functional and procedural aspects of the MPC:

### **A. Composition of the MPC**

1. The MPC shall consist of the following seven (7) members, namely:
  - a) Governor of BB - Chairperson,
  - b) Deputy Governor of BB, in charge of Monetary Policy Department (MPD) - Member,
  - c) Chief Economist of BB - Member,
  - d) Three external members:
    - i). Chairman, Economics Department, University of Dhaka;
    - ii). Director General, Bangladesh Institute of Development Studies;
    - iii). One Member nominated by BB's Board
  - e) Executive Director, in charge of MPD - Member;
2. The MPD will provide secretarial support to the MPC and Director MPD will act as the Member Secretary

### **B. Role and Responsibilities of the MPC**

1. To determine the key policy rates with a view to stabilizing inflation to a tolerable level while supporting economic growth.
2. To guide BB on indicative targets of monetary aggregates such as broad money, reserve money, private sector credit, etc., considering current developments and the outlook of inflation and economic growth.



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3. Provide guidance on overall liquidity management, monetary policy instruments and operations.
4. Provide policy suggestions for exchange rate management consistent with monetary policy stance.
5. Provide suggestions on Monetary Policy Statements (MPS) for better monetary policy communication.
6. To take any other relevant policy decisions, if necessary.

## **C. Meetings of the MPC**

1. The MPC shall meet at least four (4) times a year to assess economic and monetary conditions, as well as other risk factors affecting inflation and economic growth, in order to undertake appropriate monetary policy decisions.
  2. The quorum for a meeting of the MPC shall be four members, at least one of whom shall be an external member.
  3. The meetings shall be presided over by the Governor, in his absence, the Deputy Governor, who is a member of the committee, shall preside.
  4. The Chair may call other Deputy Governors and related BB officials in the MPC meeting if consultation/input from them is required.
  5. The policy resolution of the MPC will be publicly released after the conclusion of the MPC meeting at the end of the business hour for the financial market.
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