



# Bangladesh Bank

Head Office  
Motijheel, Dhaka  
Bangladesh.

Monetary Policy Department

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## Minutes for the 11<sup>th</sup> meeting of Monetary Policy Committee (MPC)

The eleventh meeting of the Monetary Policy Committee (MPC) was held on 22 January, 2026, chaired by Dr. Ahsan H. Mansur, Governor of Bangladesh Bank (BB). The meeting was attended by the MPC members— Dr. Md. Habibur Rahman, Deputy Governor, Bangladesh Bank; Dr. Md. Akhtar Hossain, Chief Economist, Bangladesh Bank; Dr. Sadiq Ahmed, Economist; Dr. A.K. Enamul Haque, Director General, Bangladesh Institute of Development Studies (BIDS); Dr. Firdousi Naher, Chairman, Department of Economics, University of Dhaka; and Mr. Mahmud Salahuddin Naser, Executive Director, in charge of the Monetary Policy Department, Bangladesh Bank. Additionally, Mr. Sadrul Hasan, Member Secretary of the MPC and Director (Current Charge), Monetary Policy Department, was also in attendance.

02. The MPC reviewed the current economic landscape, revisiting the decisions made at its tenth meeting and evaluating their implementation. The members analyzed the macroeconomic outlook in both domestic and global contexts. They also focused on inflation trends and projections, the pace of economic activity along with employment scenario, growth prospects, financial market dynamics, and developments in the external sector. The committee noted that potential risks to inflation stem from the forthcoming national election, the approach of the Ramadan period, and the possible implementation of the 9th National Pay Scale, as these factors are likely to stimulate demand and increase consumer spending.

03. The MPC noted that, despite numerous challenges, Bangladesh Bank's contractionary monetary stance has achieved several key outcomes. Exchange rate stability has been restored, foreign exchange reserves have started to recover gradually, and the real policy rate has moved firmly into positive territory, thereby supporting savings and strengthening policy credibility. As these measures take effect, overall inflationary pressures are beginning to moderate, indicating a gradual move toward macroeconomic stabilization.

04. The MPC emphasized that, under the current economic structure, it is essential to adopt an integrated strategy for controlling inflation rather than relying solely on policy rate adjustments. Proper estimation of food demand and domestic production, timely food import under government vigilance, and distribution management are needed to control food prices. As existing trade policies could not respond adequately to supply shocks, domestic prices have remained high despite a decline in global commodity prices; consequently, inflation has not eased as expected. The MPC proposed providing a clear and well-reasoned explanation in the upcoming Monetary Policy Statement (MPS) for the second half of FY26 on why inflation did not ease as anticipated despite the continuation of a contractionary policy stance.

05. The MPC observed that, at the existing Standing Deposit Facility (SDF) rate, some banks preferred to park their surplus liquidity with the central bank instead of channeling funds to the interbank market or the private sector. To discourage this passive use of liquidity and to promote interbank transactions and

private-sector credit flow, Bangladesh Bank could consider lowering the SDF rate while keeping the policy rate and the Standing Lending Facility (SLF) rate unchanged. Such a move would encourage more active liquidity management, strengthen interbank market activity, and support increased credit flows to the private sector.

06. The MPC observed that if the government implements the salary increase for public sector employees as recommended by the National Pay Commission 2025 without a significant increase in revenue collection, it would have to rely on deficit financing. This, in turn, would put pressure on the money market and could lead to higher interest rates across the financial system. Therefore, the government should take appropriate revenue measures to mitigate the impact of new pay scale implementation on the money market.

07. The MPC suggested that, to maintain stability in the foreign exchange market, Bangladesh Bank should uphold a market-based exchange rate. Additionally, the MPC noted that the banking sector continues to face substantial challenges due to elevated levels of non-performing loans, which have intensified liquidity pressures in weaker banks and non-bank financial institutions. In response, Bangladesh Bank has initiated a comprehensive reform agenda aimed at strengthening governance, stability, integrity, and public confidence in the financial system. These initiatives underscore a long-term commitment to improving asset quality and institutional resilience.

### **Resolution**

08. After reviewing the current and evolving macroeconomic conditions, the Monetary Policy Committee (MPC) unanimously decided to:

- maintain the policy rate at 10.0 percent and keep the Standing Lending Facility (SLF) at 11.5 percent, while lowering the Standing Deposit Facility (SDF) by 50 basis points, from 8.0 percent to 7.5 percent.*

09. The policy stance will be continued until the desired level of inflation is achieved.

Sd/-

(Dr. Ahsan H. Mansur  
Governor  
Bangladesh Bank)