**Press Release**

**BUILD/07/2023/00 Date: July 30, 2023**

Attn: News Editor/ Chief Reporter/ Assignment Editor /Business Page-in-Charge:

**Containing Inflationary Pressure Needs Practical Measures**

Business Initiative Leading Development (BUILD) organized a dialogue on Monetary Policy Statement(MPS) and Containing Inflationary Pressure in Bangladesh on July 30, 2023 at BUILD Conference Room. The dialogue majorly covered new areas in the MPS for 2nd half of 2023(H1FY24) and Comparison of Inflationary  situation and challenges of monetary policies and the new tool on interest rate corridor(IRC) as followed by different countries in the world.

BUILD CEO Ferdaus Ara Begum delivered a keynote highlighting the challenges of MPS and interest rate corridor and focused on ways for addressing inflation through different tools of the central bank.  She further said that inflation is linked to many factors such as the state of the economy, the level of inflation expectations, the credibility and independence of the central bank and the confidence of businesses over business-enabling ecosystem.

Mr Mohammad Nurul Amin, former MD of NCC Bank presented the keynote paper and said that establishment of a policy of interest rate corridor as a monetary tool is a paradigm shift. In that respect he added that the reference interest rate for Banks deposit and lending rates naming SMART is a transition from monetary targeting framework to interest rate targeting framework. He said that to contain inflation, MPS is contractionary, as announced accompanied by specific policy initiatives, but fiscal measures are expansionary. He raised the point whether we will go for market driven treasure rate or we will follow the donors prescription to follow IRC.

Prof Dr Mahmood Osman Imam, Professor, Department of Finance, Dhaka University mentioned that IRC will be used as a tool for the banking sector and not for others, while SMART rate will work as a reference rate for determining interest rate.

Speaking as the Chief Guest, Dr. Md. Ezazul Islam, Executive Director (Research), Monetary Policy Department, Bangladesh Bank said that MPS also needs to be communicated, today’s program is one of the testimonies and he appreciated the role of BUILD in that respect. He said that primary goal of MPS is to maintain price stability and for this MPS passes through a framework which is very important, this framework has gone through a number of changes over the years. He added that after the global financial crises monetary policy statement has been facing a number of transition. In this transition mechanism there are different channel, these are interest rate channel, credit rate channel, bank lending channel and exchange rate channel. Monetary Policy Committee of Bangladesh Bank continuously review the policies so that it can keep balance with a number of factors. He put emphasis on financial literacy so that people can understand the central point of MPS.

While chairing the dialogue, Md. Saiful Islam, President, Metropolitan Chamber of Commerce and Industry (MCCI) told that public sector growth is higher than private sector growth which is critical to the country’s infrastructure. Private sector cannot invest more if there is no infrastructure so both public and private sectors growth is interlinked.

The government could have filtered some projects that would save us and reduce the external pressures, he further added.

Dr. Md. Mafizur Rahman, Managing Director, SME Foundation, Dr. Jamaluddin Ahmed, former General Secretary of the Bangladesh Economic Association (BEA), Mohammad Refayet Ullah Mirdha, President, ERF, Dr Lila Rashid. Former Executive Director of Bangladesh Bank, Manzur Ahmed, Adviser, FBCCI, Shawkat Hossain, former MD, BD Venture. Mr Abdula Hai, Manager, Nestle Bangladesh Bangladesh including participants from other organizations spoke at the dialogue

In the discussion presence of non performing loan, SME financing issues, credit support to the private sector, momentum in business and investment growth, creating employment and similar other micro and macro economic issues came up. The dialogue put more emphasis on more elaborate discussion on critical economic issues.

Sincerely yours

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