



External Relations Department

26 January 2016

Press Release

Establishment of Monetary Policy Committee

SBP achieves an important landmark in terms of an independent monetary policy setting. In November 2015, the Parliament legislated amendments in the State Bank of Pakistan Act, 1956 establishing an independent Monetary Policy Committee (MPC) empowered to make monetary policy and its allied decisions. Earlier, there was an Advisory Committee on Monetary Policy with the mandate to make recommendations to the Board, which was entrusted with the powers to make monetary policy decisions.

MPC comprises 9 members including three members of the Board nominated by the Board itself, three external members who shall be economist and appointed by the Federal Government on recommendation of the Board and three senior executives of the Bank nominated by the Governor. The Governor State Bank of Pakistan is the Chairman of the committee.

Pursuant to the establishment of the said committee under section 9D of the Act, members have been nominated for the said committee.

The three members of MPC from the Board include Mr. Khawaja Iqbal Hassan, Mr. Muhammed Hidayatullah and, Mr. Zafar Masud.

The Federal Government has appointed Dr. Asad Zaman and Dr. Qazi Masood Ahmed as the external members while the third position remains vacant. The external members of the MPC have been appointed for a period of three years and shall be eligible for reappointment for another term of three years.

The Governor has nominated Mr. Riaz Riazuddin (Deputy Governor Policy), Mr. Saeed Ahmad (Deputy Governor, Financial Markets, IB &SI) and, Mr. Jameel Ahmed (Executive Director, Financial Stability and Banking Supervision Group) as members.

Section 9E of the SBP Amendment Act (2015) defines the powers and functions of MPC as follows:

“The Monetary Policy Committee shall, without prejudice to its powers and functions and those of the Bank, support the general economic policies of the Federal Government and shall –

(a) formulate, support and recommend the monetary policy, including, as appropriate, decisions relating to intermediate monetary objectives, key interest rates and the supply of reserves in Pakistan and may make regulations for their implementation; (b) approve and issue the monetary policy statement and other monetary policy measures; (c) perform any other functions conferred on it by law; and (d) carry out any ancillary activities incidental to the exercise of its functions under this Act.”

The first meeting of the MPC has been scheduled on 30th January, 2016.