**Central Bank of Iraq**

**Statistics & Research Department**

**Monetary & Financial Stability Division**

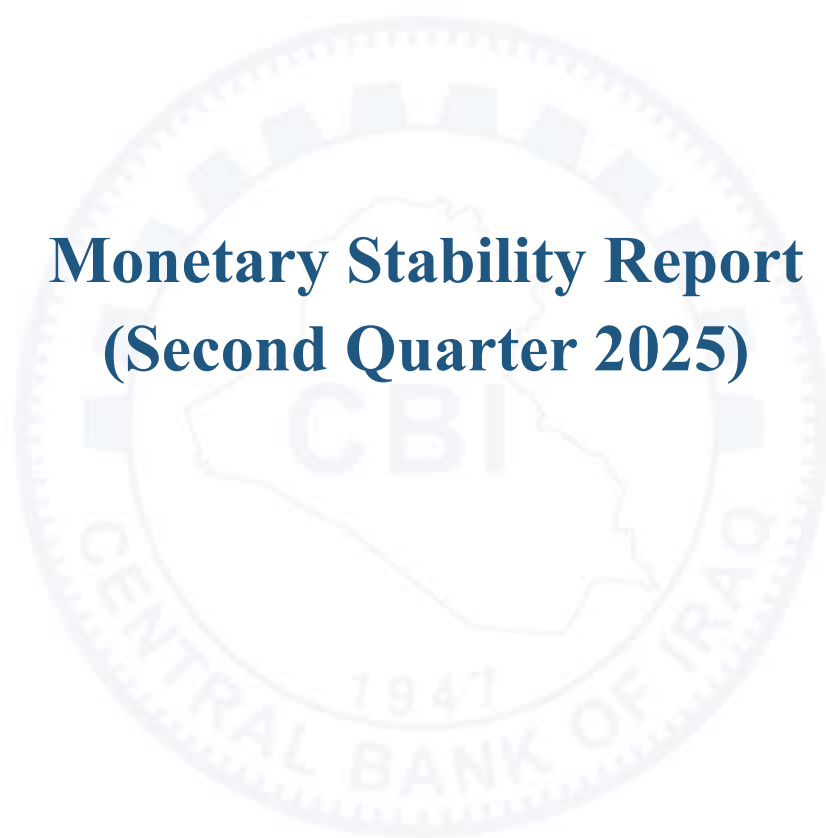# Monetary Stability Report

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# Monetary Stability Report
# (Second Quarter 2025)

**Central Bank of Iraq**
**2025**

### Report Description

The Monetary Stability Report is published quarterly to provide a comprehensive overview of Iraq's monetary performance. It analyzes key indicators that reflect the country's current monetary landscape.

You can quote from the report in the following format:

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# Contents

**Abstract:**

Monetary stability represents one of the fundamental pillars of macroeconomics. The Central Bank of Iraq (CBI) plays a pivotal role in achieving it by managing monetary policy in a way that ensures inflation control, stability of the Iraqi dinar exchange rate, and the maintenance of the purchasing power of the national currency. To achieve these objectives, the Central Bank of Iraq employs a combination of conventional instruments (such as reserve requirements, open market operations, and the rediscount rate) alongside unconventional instruments that are adopted in accordance with current economic variables.

Monetary stability is considered a key factor in promoting confidence in the financial system and attracting domestic and foreign investment, thereby contributing to the achievement of sustainable economic growth.

Based on this vital role, this report aims to analyze the state of monetary stability in Iraq during Q2 of 2025 by reviewing the most prominent key monetary indicators and assessing the effectiveness of measures taken to control liquidity and maintain monetary and financial stability.

As part of the Central Bank of Iraq's (CBI) efforts to promote monetary stability during Q2 of 2025, liquidity management operations were expanded, contributing to an increase in cash receipts from IQD 18.37 trillion for Q2 of 2024 to IQD 21.66 trillion in the same quarter of 2025.

The CBI has relied mainly on foreign reserves as a key instrument for maintaining monetary stability and has adopted a monetary sterilization policy to contain the monetary impact of its interventions in the foreign exchange market. Reserves remained at safe levels, enabling the CBI to cover Iraq's imports for 14 months, and net foreign reserves covered 73.89% of the total Broad Money Supply (M2). This reflects a strong

external position and the ability of the CBI to maintain a stable exchange rate.

Furthermore, increased monetary sterilization and a 17.93% rise in cash receipts for Q2 of 2025 compared to the same quarter of 2024. In addition to the decrease in public spending by 2.65% for the same period, it led to a decline in the issued currency by 3.83% for the same period, reaching IQD 98.40 trillion for Q2 of 2025, which was reflected in a decrease in M2 by 4.67% during the same period. These developments indicate the effectiveness of monetary policy instruments in absorbing excess liquidity by raising the price of monetary policy, increasing the reserve requirement ratio, and enhancing sterilization operations.

Despite this disciplined monetary performance, the fiscal policy continues to face structural challenges, with public spending reaching 34.56% of GDP for Q2 of 2025, indicating that fiscal activity remains expansionary, which could generate future inflationary pressures in the absence of parallel discipline fiscal measures.

With limited non-oil revenues, domestic public debt increased from IQD 78.16 trillion to IQD 87.75 trillion during the same period, which signals an increase in future financing burdens. Therefore, the continuation of this trend requires a comprehensive review of spending policy and the adoption of strict fiscal rules that ensure financial sustainability by reducing dependence on oil resources, thereby contributing to easing pressure on the monetary policy and strengthening the Iraqi economy's ability to cope with future crises.

## Chapter One

## Analysis of the Evolution of Monetary Stability Variables in Iraq

Monetary stability in Iraq is the result of the interaction of a set of monetary and financial variables, which in turn are affected by the outputs of the real and financial sectors. The volatility degree of these variables reflects the extent of monetary policy`s ability to achieve stability and maintain monetary balance. The following is a review of the most prominent variables and their developments:

### 1.1 Net Foreign Reserves and their Ability to Achieve Monetary Stability:

Net foreign reserves play a pivotal role in achieving monetary stability in Iraq due to their direct connection to the Central Bank of Iraq (CBI) policies aimed at preserving the value of the Iraqi dinar and strengthening the economy's ability to confront external shocks and fulfill obligations towards international financial institutions.

These reserves are closely related to the volume of oil revenues, making them vulnerable to fluctuations in global oil prices. Furthermore, the monetary sterilization operations carried out by the CBI to withdraw liquidity from the market affect them negatively due to the required usage of foreign reserves.

**Figure 1: The Relationship of Oil Prices, Net Foreign Reserves, and Cash Receipts**



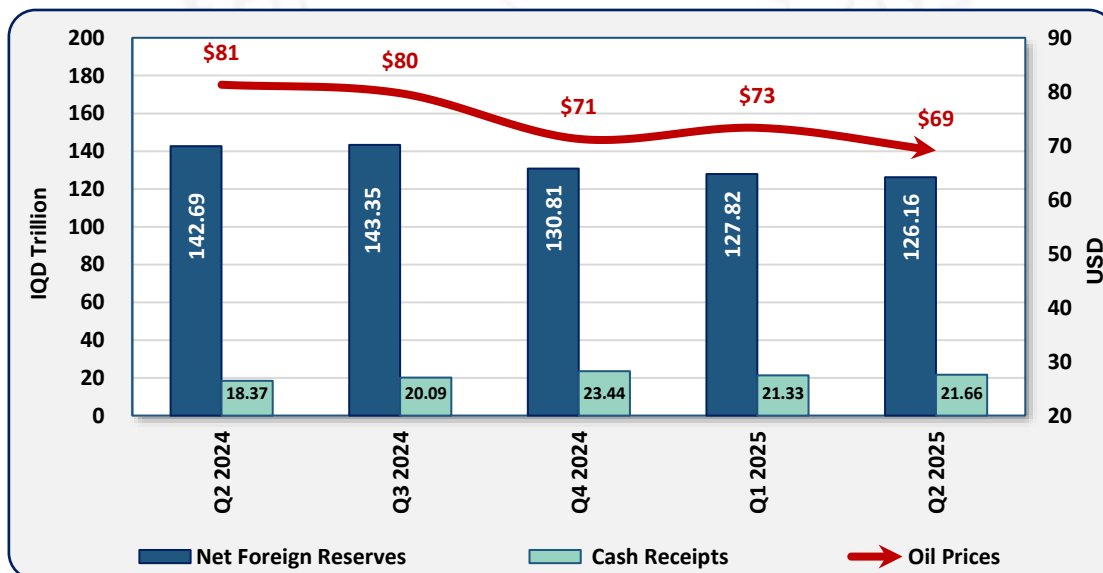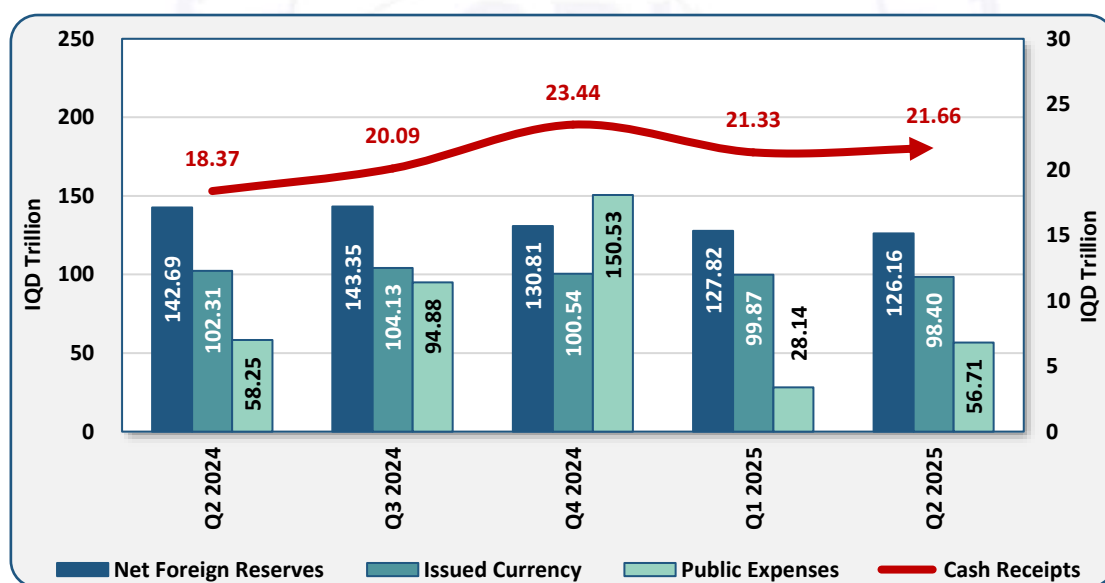Figure 1 shows that oil prices fell from USD 81 for Q2 of 2024 to USD 69 for the same quarter of 2025, and net foreign reserves recorded a decrease from IQD 142.69 trillion to IQD 126.16 trillion for the same period. This decrease is attributed to CBI resorting to withdrawing cash liquidity from the market through intensifying monetary sterilization operations with the aim of maintaining monetary stability, which led to an

increase of cash receipts by 17.93%, rising from IQD 18.37 trillion to IQD 21.66 trillion during the same period. Thus, it indicates that the decline in oil prices by a rate of 15%, in addition to the increase in cash receipts by a rate of 17.93%, led to a decline in net foreign reserves by a rate of 11.59% for the same period, in addition to the public budget deficit, which has the same impact on net foreign reserves.

## 1.2 The Volume of Cash Receipts and Their Impact on Net Foreign Reserves and the Volume of Issued Currency:

Cash receipts represent the total national currency obtained by the CBI from various sources, most notably from foreign currency sale operations. The volume of cash receipts directly affects net foreign reserves, the volume of the issued currency, and money supply components (or money in all its forms). Increased cash receipts often lead to a decrease in the volume of issued currency, including money, which enhances monetary stability, but in return they may contribute to a decrease in net foreign reserves because of withdrawing more foreign currency against domestic dinars.

**Figure 2: The Relationship of the Volume of Cash Receipts, Net Foreign Reserves, and the Volume of Issued Currency**



\* **The mentioned data is an accumulated balance that is measured by what appears at the end of the time term.**

Figure 2 shows a decrease in the issued currency from IQD 102.31 trillion for Q2 of 2024 to IQD 98.40 trillion for the same quarter of 2025. This is a result of the increase in monetary sterilization, which led to an increase in cash receipts from IQD 18.37 trillion to IQD 21.66 trillion for the same period, which drained part of the net foreign reserves, leading to a decrease from IQD 142.69 trillion to IQD 126.16 trillion for the same period. In addition to a decrease in public spending from IQD 58.25 trillion to IQD

56.71 trillion for the same period, indicating a decrease in public spending by 2.65% and an increase in cash receipts by 17.93%, leading to a decrease in issued currency by 3.83%.

## 1.3 Cash Withdrawals (Payments) Required to Cover Public Spending and Their Impact on the Volume of Issued Currency:

Cash withdrawals represent the amount of cash payments in the national currency provided by the CBI to the Ministry of Finance to cover public expenditures. These payments are financed by the CBI receiving foreign currency in return, which contributes to increasing net foreign reserves. However, an increase in cash payments leads at the same time to an increase in the volume of issued currency, while its decrease leads to a contraction of the money supply.

**Figure 3: The Relationship of Cash Payments, Issued Currency, and Net Foreign Reserves**



Figure 3 shows that cash payments decreased from IQD 22.35 trillion for Q2 of 2024 to IQD 20.19 trillion for the same quarter of 2025. In addition to this decline, the decline of oil revenues resulting from the decline of oil prices contributed to a decline of net foreign reserves from IQD 142.69 trillion to IQD 126.16 trillion during the same period. Moreover, increased cash sterilization operations, along with the decline of cash payments, were reflected in the issued currency, which decreased from IQD 102.31 trillion to IQD 98.40 trillion. It can be concluded from the above that the decline of cash payments by 9.65%, coupled with the decline of oil prices by 15%, contributed to a decline of net foreign reserves by 11.59% during the same period.

## 1.4 The Volume of the Monetary Impact Between Cash Payments and Receipts on Inflation and the Market Exchange Rate:

The monetary impact represents the difference between cash payments and cash receipts of CBI (i.e. payments-receipts). When this effect is negative, it means that the volume of cash receipts exceeds the volume of payments, indicating a higher level of cash sterilization, which is a positive indicator reflected by the absorption of liquidity and then the impact on the general level of prices. If the monetary impact is positive, it indicates a decrease in the volume of monetary sterilization.

**Figure 4: The Volume of the Monetary Impact Between Cash Payments and Receipts on Inflation and the Market Exchange Rate**



Figure 4 shows that the difference between cash payments and receipts (monetary impact) amounted to IQD -1.5 trillion for Q2 of 2025, indicating that the volume of cash receipts exceeded the volume of payments as a result of CBI intensification of cash sterilization operations within the framework of a well-examined deflationary monetary policy aimed at absorbing excess liquidity and maintaining monetary stability.

This trend has had a positive impact on the dollar exchange rate in the market, as it decreased from IQD 1470 per dollar for Q2 of 2024 to IQD 1440 per dollar for the same quarter of 2025, reflecting a tangible improvement in the value of the Iraqi dinar, the efficiency of the pursued monetary policy, achieving a balance among liquidity levels, price stability, and exchange rate stability, which contributed to enhancing confidence in monetary policy and improving the financial stability environment. At the same time, inflation rate fell from 3.3% to 0.8% during the same period, reflecting the success of CBI in curbing inflationary pressures, maintaining the strength of the dinars, and purchasing power stability.

## 1.5 Components of the Monetary Base:

The monetary base represents the CBI's mini balance sheet and has an important role in maintaining monetary stability. It appears on both assets and liabilities sides of the CBI balance sheet. This indicator is considered one of the most important instruments of CBI because it forms the foundation upon which the money supply in the economy is built (through money multiplier), which is as follows:

### 1.5.1 Monetary Base from the Assets Side on the Central Bank of Iraq's Balance Sheet:

It is represented by **CBI's net foreign reserves plus net domestic assets**. CBI's net foreign assets constitute the largest part on the assets side of the monetary base. The monetary base is related in a direct relationship with both net foreign reserves and net domestic credit provided by CBI to the central government, as the latter is linked to the public finance situation, which drives monetary base components on the liabilities side.

**Figure 5: The Relationship of Monetary Base, Net Domestic Assets, and CBI Net Foreign Reserves**
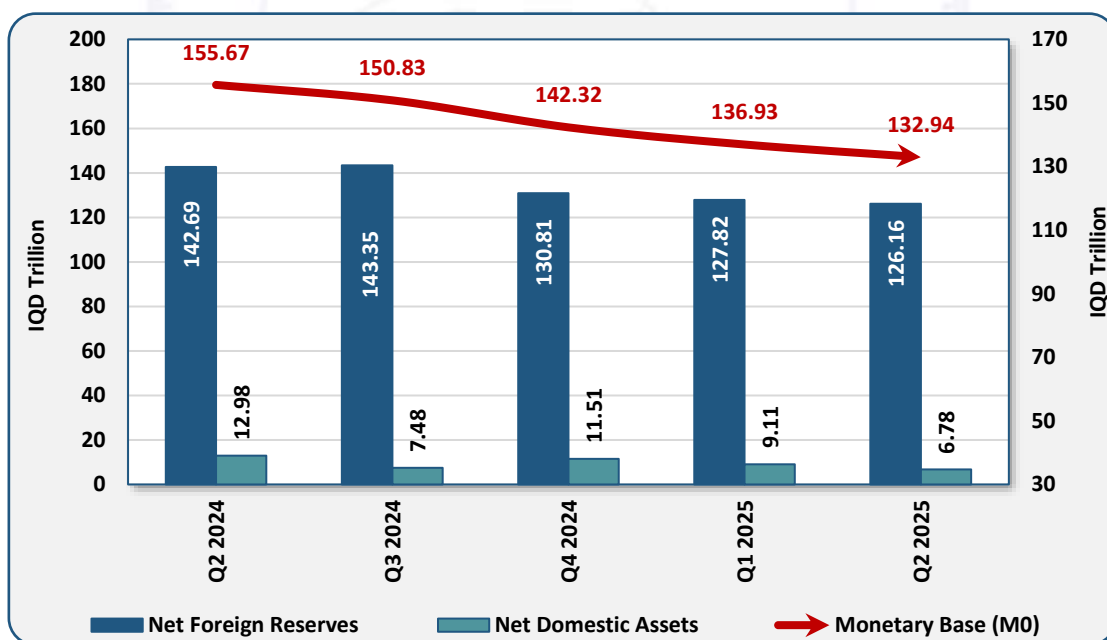


Figure 5 shows that net foreign assets decreased from IQD 142.69 trillion for Q2 of 2024 to IQD 126.16 trillion for the same quarter of 2025, leading to a decline in the monetary base from IQD 155.67 trillion to IQD 132.94 trillion during the same period. Also, net domestic assets witnessed a decline from IQD 12.98 trillion to IQD 6.78 trillion.

It is inferred from this that the decline of net foreign reserves at a rate of 11.59% contributed to a decline in the monetary base at a rate of 14.60% during the same period. However, this decline is the result of CBI's cautious monetary management aimed at achieving a balance between monetary stability and maintaining safe levels of foreign reserves considering ongoing economic and financial developments.

## 1.5.2 Monetary Base from the Liabilities Side of the Central Bank of Iraq's Balance Sheet:

The monetary base on the liabilities side refers to reserve money, also known as high-powered money. This is represented by the volume of **currency in circulation and banks' reserves**. Currency in circulation constitutes the largest portion of the monetary base (M0) on the liabilities side, in addition to excess and required reserves. Therefore, an increase in currency in circulation leads to a rise in the monetary base.

**Figure 6: The Relationship of the Monetary Base, Currency in Circulation, and Banks' Reserves**
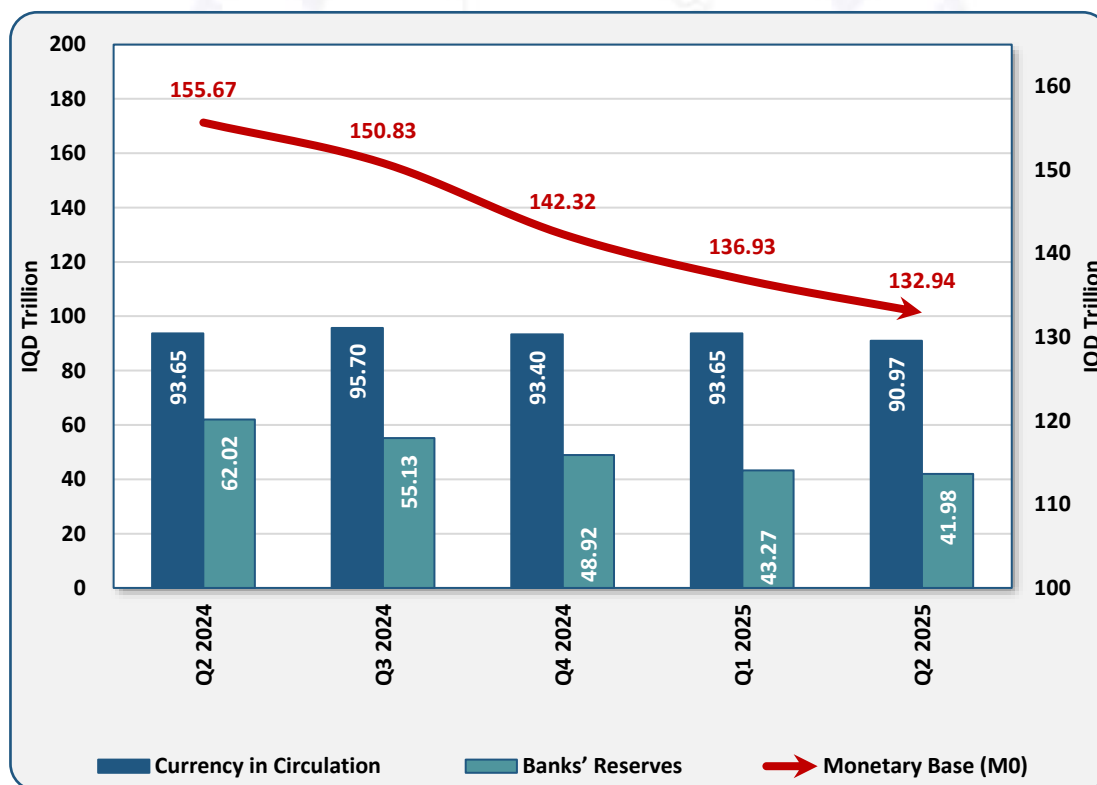


Figure 6 shows that currency in circulation decreased from IQD 93.65 trillion in Q2 of 2024 to IQD 90.97 trillion in the same quarter of 2025. In contrast, banks' reserves decreased from IQD 62.02 trillion to IQD 41.98 trillion during the same period. This led to a drop in the monetary base from IQD 155.67 trillion to IQD 132.94 trillion over the same period.

This indicates that the decrease in banks' reserves by 32.32% was the main factor in the decrease in the monetary base by 14.60%, which reflects the central bank's tendency to absorb excess liquidity through monetary policy tools to control money supply levels and enhance monetary stability.

## 1.6 Volume of Currency in Circulation and Its Impact on Monetary Stability:

The volume of currency in circulation is a key factor affecting monetary stability. When it expands at a rate exceeding real economic growth, it contributes to a rise in aggregate demand. This is reflected in higher price levels and, consequently, an increase in inflation rates.

**Figure 7: The Relationship of Inflation and Currency in Circulation**



Figure 7 shows a significant decrease in the volume of currency in circulation dropping from IQD 93.65 trillion in Q2 of 2024 to IQD 90.97 trillion in the same quarter of 2025, representing a decrease of 2.86%. This reduction is an indicator of improved efficiency in monetary management and a decline in inflationary pressures, as the inflation rate fell from 3.3% to 0.8% during the same period. This reflects the success of the CBI 's monetary policy in controlling liquidity levels and achieving a more balanced and sustainable monetary environment.

## 1.7 Monetary Policy Rate:

Monetary policy rate is the reference interest rate set by CBI to influence the cost of borrowing in the economy, thereby controlling liquidity, inflation, and growth levels in the economy. The monetary policy rate was reduced from 7.5% to 5.5% in 2024. Figure 8 shows the effect of this reduction in Q2 of 2025, as excess reserves held by banks decreased from IQD 39.88 trillion in Q2 of 2024 to IQD 22.26 trillion in the same quarter of 2025.

This indicates that banks have turned towards investing in government debt instruments, as the value of treasury bills held by commercial banks increased from IQD 9.05 trillion to IQD 9.89 trillion for the same period.

**Figure 8: Monetary Policy Rate, Excess Reserves, and Treasury Bills at Commercial Banks**
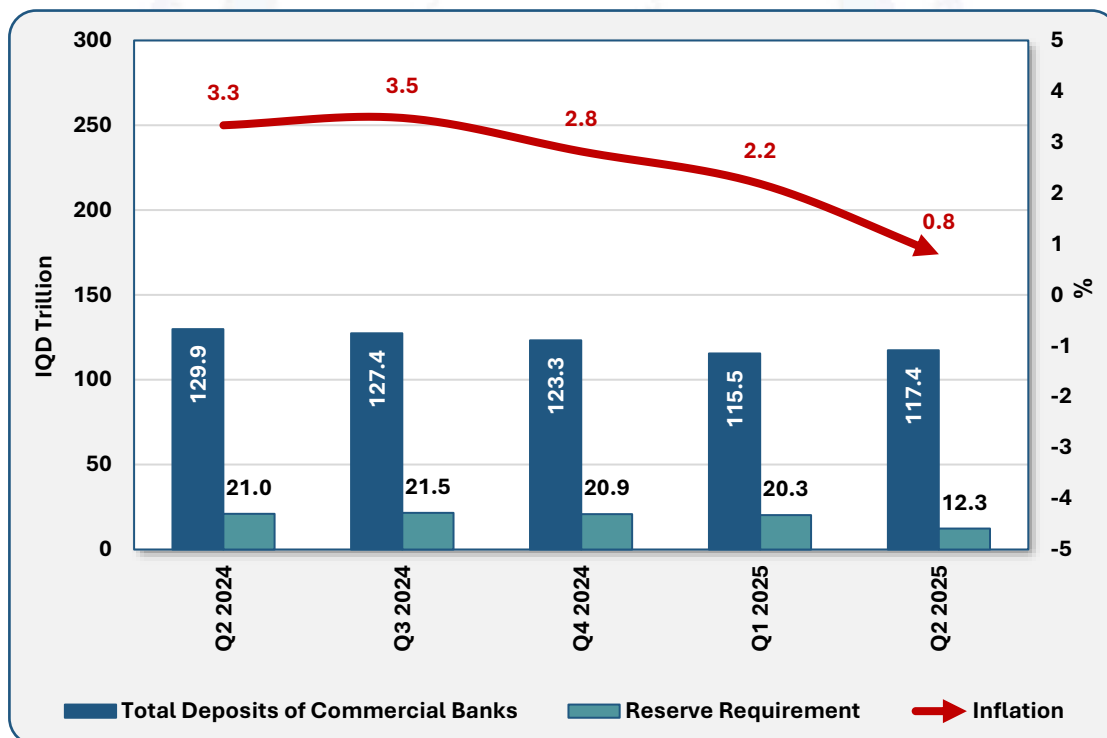


## 1.8 Reserve Requirement:

The reserve requirement is considered a fundamental monetary policy instrument. It represents a percentage of customer deposits that banks are obligated to maintain with the CBI. The importance of this reserve lies in ensuring that banks can meet cash withdrawal demands, as well as their role in regulating liquidity levels within the financial system.

When CBI aims to implement an expansionary monetary policy, it lowers the reserve requirement ratio, thus allowing banks to lend more money and stimulate economic activity, and vice versa.

In this context, the CBI set the required reserve requirement ratio at 18% for all deposits in IQD and other currencies, 20% for US Dollar deposits, and 20% for all government deposits. Consequently, the volume of required reserves decreased from IQD 21 trillion in Q2 of 2024 to IQD 12.3 trillion in the same period of 2025, Due to the decline in total commercial bank deposits from IQD 129.9 trillion to IQD 117.4 trillion during the same period. Despite this, inflation declined during the same period from 3.3% to 0.8%, indicating an improvement in the price environment and price stability, as illustrated in Figure 9.

**Figure 9: The Relationship of Reserve Requirement and Broad Money Supply (M2)**

# Chapter Two

## Analysis of Developments in Monetary Stability Indicators

This chapter aims to provide a comprehensive overview of the developments of key indicators used to assess monetary stability, with a focus on core criteria including the adequacy of foreign reserves, fiscal discipline, and their role in supporting monetary stability in the Iraqi economy.

## 2.1 Monetary Stability Criteria:

## 2.1.1 The Monetary Stability Coefficient based on the Elasticity of Money to Changes in GDP[1]:

The monetary stability coefficient expresses the relationship between the growth rate of the Broad Money Supply (M2) and the growth rate of Real Gross Domestic Product (GDP) at constant prices. This indicator serves as a crucial analytical tool for assessing the consistency between monetary liquidity growth and real economic growth, thereby diagnosing potential inflationary or deflationary pressures.

### Figure 10: Monetary Stability Coefficient



Figure 10 shows that the monetary stability coefficient increased from 0.91 for Q2 of 2024 to 1.18 for the same quartr of 2025. This indicates that the rate of growth of liquidity has decreased, and this decrease was less than the decrease in the rate of growth of real GDP.

This indicates that the economy is operating within a safe level of liquidity and does not face significant inflationary pressures, reflecting a state of relative monetary stability that supports price stability.

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[1]For more information, see Monetary Stability Report Q3 /2024.

## 2.1.2 Money Supply Surplus[2]:

This criterion is used to measure the inflationary gap by calculating the difference between the change in the Narrow Money Supply (M1) and the change in the demand for money over a specific period. A surplus money supply is an indicator of excess purchasing power that is not matched by a corresponding increase in the production of goods and services, which can drive domestic prices upwards.

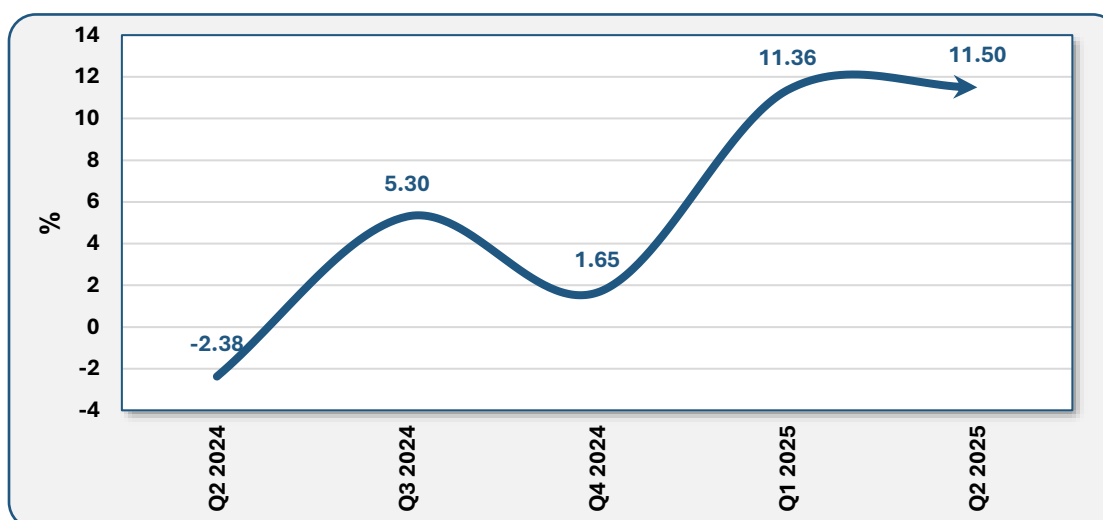**Figure 11: Ratio of Money Supply Surplus**



Figure 11 shows that the excess money supply ratio rose from -2.38% in Q2 of 2024 to 11.50% for the same quarter in 2025. This indicates a significant improvement in the liquidity position, as the monetary system shifted from a state of monetary contraction to one of monetary expansion. While this shift may contribute to stimulating economic activity, it simultaneously requires careful management by the CBI to avoid generating future inflationary pressures.

## 2.1.3 Monetary Stability Coefficient Based on the Elasticity of Money Supply to Price Changes[3]:

This is one of the important indicators that reflects the relative responsiveness of monetary liquidity to price changes in the economy. This indicator can be measured by the ratio of the growth rate of the money supply to the rate of change in the price index. This indicator reflects the extent to which the CBI defends the value of the local currency by controlling the money supply to achieve stability in the general price level.

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2 **For more information, see Monetary Stability Report Q3 /2024.**
3 **For more information, see Monetary Stability Report Q3 /2024.**

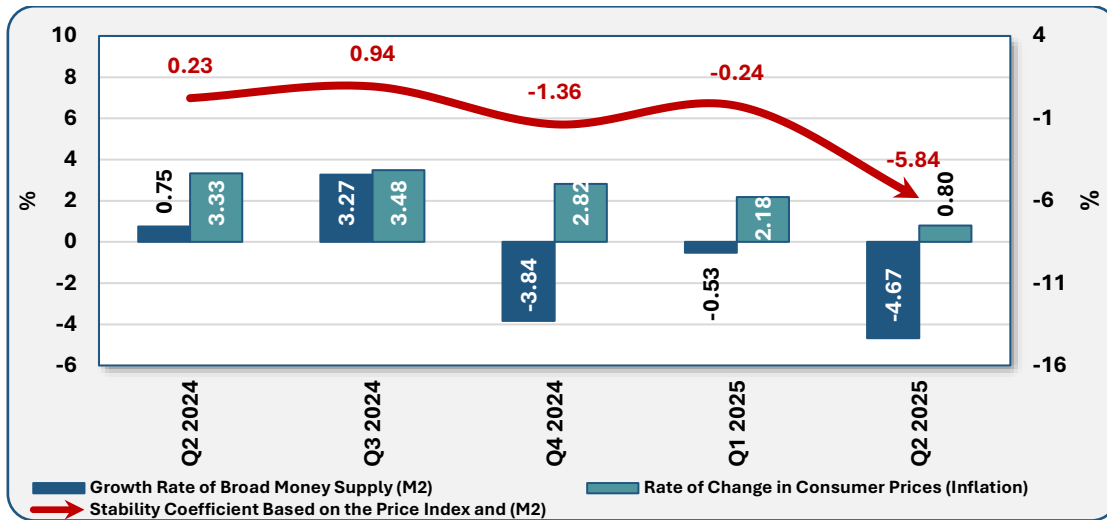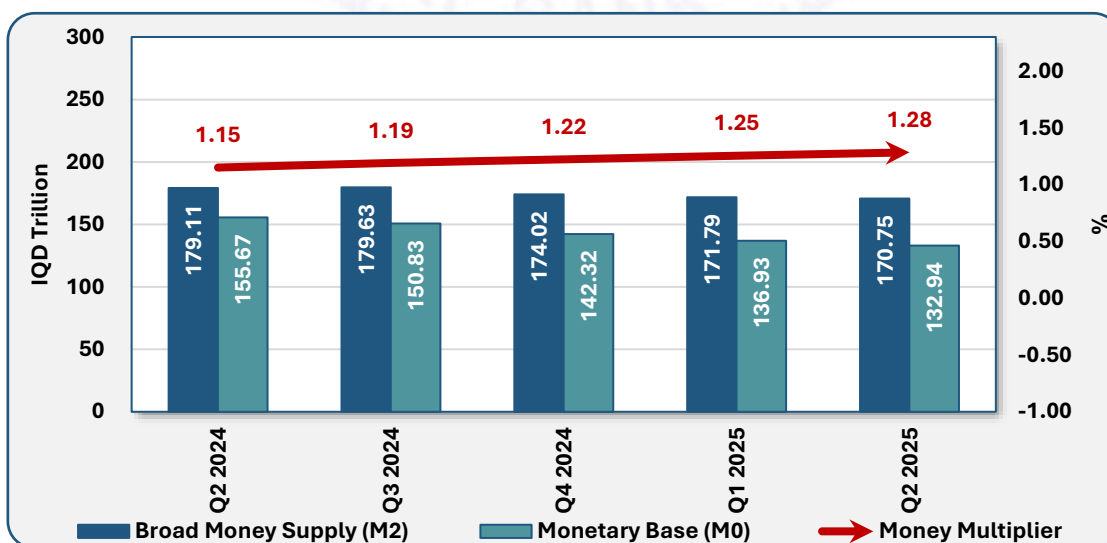**Figure 12: Monetary Stability Coefficient Based on the Elasticity of Money Supply to Price Changes**



Figure 12 shows that the value of this indicator decreased from 0.23% in Q2 of 2024 to -5.84% in the same quarter of 2025. This indicates the success of the CBI in reducing the responsiveness of excess liquidity to inflationary pressures and enhancing monetary stability by adopting policies that restrict the growth of the money supply in line with maintaining the stability of the general price level.

## 2.1.4 The Money Multiplier[4]:

The Money Multiplier is one of the fundamental monetary indicators that measures the banking system's ability to create and expand the volume of money within the national economy. This is achieved through the process of attracting deposits and re-employing them in granting credit.

**Figure 13: The Money Multiplier**



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4 **For more information, see Monetary Stability Report Q3 /2024.**

Figure 13 shows that the Money Multiplier recorded a slight increase from approximately 1.15 times in Q2 of 2024 to about 1.28 times in Q2 of 2025. This reflects the enhanced role of the banking system in liquidity creation and an improvement in its operational efficiency in deploying financial resources.
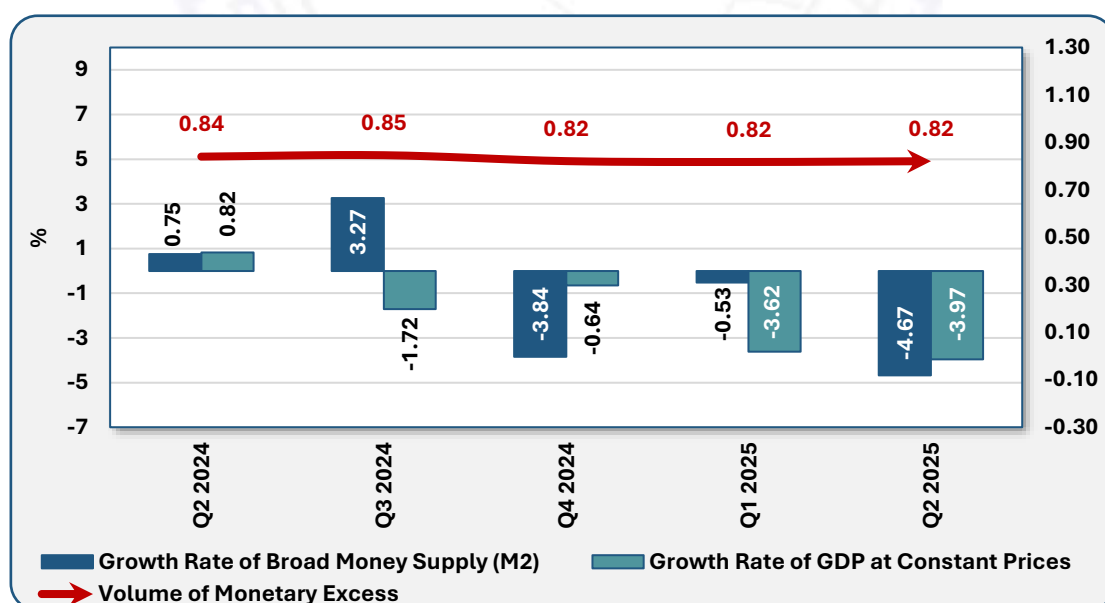
This improvement in the multiplier's value is attributed to the relative decline in the monetary base at a faster rate than the decrease in money supply. Specifically, the monetary base fell by 14.60%, from IQD 155.67 trillion to IQD 132.94 trillion during the same period. The decline in M2 was relatively less, at 4.67% during the same period.

This trend reflects the success of the Central Bank's monetary policy in rationalizing the monetary base (M0) without harming the overall liquidity level in the economy. This, in turn, has contributed to improving the banking sector's efficiency in money creation and supporting economic activity.

## 2.1.5 Volume of Monetary Excess [5]:

According to this indicator, inflation is caused by an increase in the share of the money supply per unit of production beyond its optimal size. This leads to the creation of a monetary excess, which generates a continuous rise in the general price level, culminating in inflation.

### Figure 14: Volume of Monetary Excess



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5 **For more information, see Monetary Stability Report Q3 /2024.**

Figure 14 shows that the monetary excess slightly decreased from 0.84 in Q2 of 2024 to 0.82 in Q2 of 2025. This reflects a relative improvement in monetary equilibrium and a reduction in inflationary pressures. Real GDP registered a decline at a rate of -3.97%. M2 also decreased at a rate of -4.67% during the same period.

Although both factors reflect an aspect of economic slowdown, their direct effect on inflation was positive, as they led to a decline in the monetary surplus relative to real production, consequently decreasing inflationary pressures.

## 2.1.6 The Velocity of Money in Circulation [6]:

Velocity of money refers to the average number of times that each dinar in the money supply is used to facilitate economic transactions (purchasing goods and services) that included in the GDP. It shares an inverse relationship with the money in circulation; as the available quantity of money increases, the velocity of each monetary unit tends to decrease, and vice versa.
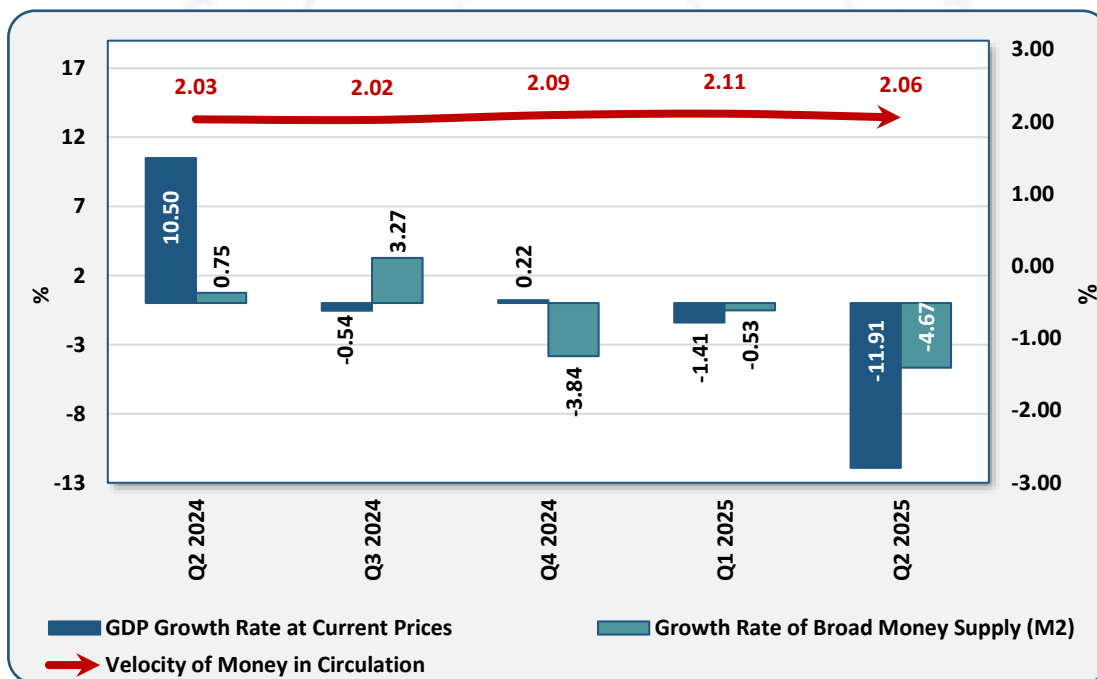
### Figure 15: Velocity of Money



Figure 15 indicates that money moved at a faster pace within the economy during 2025. Each Dinar was utilized 2.06 times for the purchase of goods or services during Q2 of 2025, compared to 2.03 times during Q2 of 2024. Generally, an increase in the velocity of money serves as an indicator of heightened economic activity, signaling that households and businesses are spending more rapidly.

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6 **For more information, see Monetary Stability Report Q3 /2024.**

## 2.2 Foreign Reserves Adequacy Criteria:

## 2.2.1 Ratio of Net Foreign Reserves to Issued Currency:

The coverage of issued currency by the foreign reserves held by the Central Bank of Iraq is critically important. Having sufficient reserves means maintaining the value of the national currency from depreciation and keeping inflation at acceptable levels. The higher the ratio of net foreign reserves to issued currency, the greater the CBI's capacity for monetary sterilization, which in turn influences the exchange market to protect its national currency from sharp fluctuations. The standard ratio for this should preferably not be less than 100%.

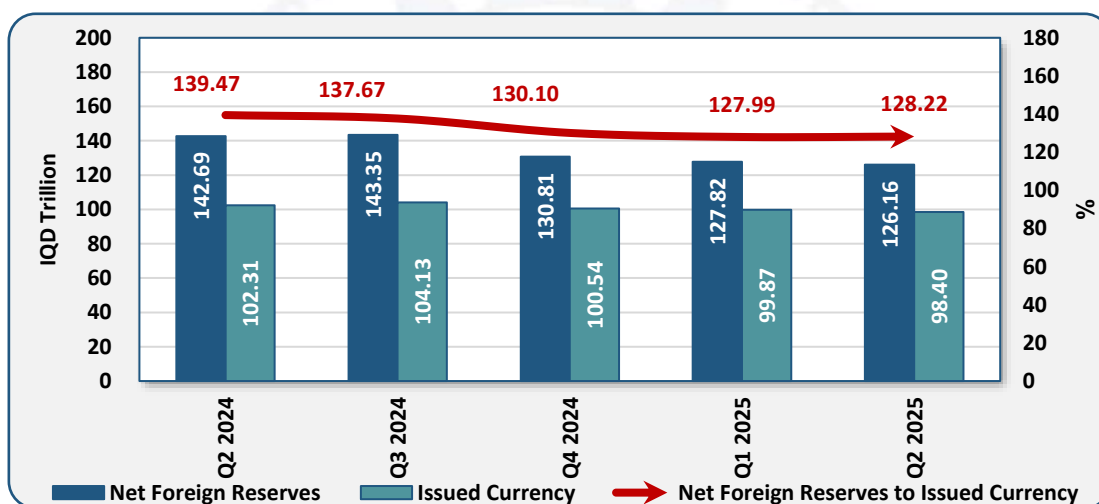**Figure 16: Ratio of Net Foreign Reserves to Issued Currency**



Figure 16 shows a decrease in the ratio of net foreign reserves to issued currency from 139.47% in the second quarter of 2024 to 128.22% in the same quarter of 2025.

Despite this decline, the ratio remains above standard ratio of 100%. This indicates that the Central Bank of Iraq possesses a larger amount of net foreign reserves compared to the issued national currency, which suggests greater stability in the value of the issued currency because it is covered by a percentage greater than 100%.

## 2.2.2 Ratio of Net Foreign Reserves to Broad Money Supply (M2):

The ratio of net foreign reserves to M2 is a key indicator used to assess the Central Bank's ability to cover monetary liquidity through its foreign currency reserves. A ratio exceeding 20% indicates a robust capacity to support the national currency and ensure higher financial stability. Notably, under a fixed exchange rate regime, it is preferable for CBI to maintain higher net foreign reserves to effectively defend the national currency's value.

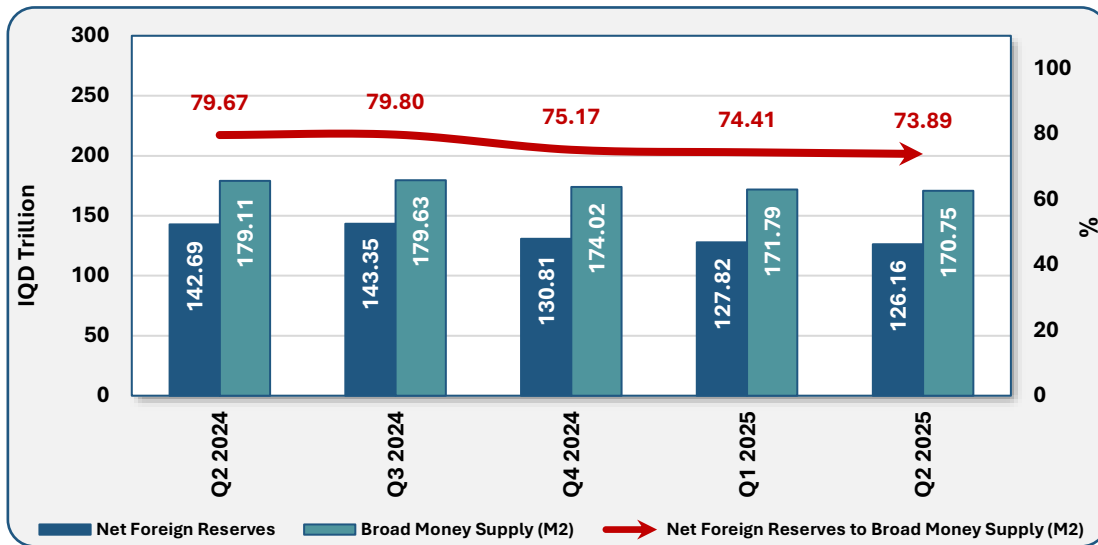**Figure 17: Ratio of Net Foreign Reserves to Broad Money Supply (M2)**



Figure 17 illustrates a decline in the ratio of net foreign reserves to M2, falling from 79.67% in Q2 of 2024 to 73.89% in Q2 of 2025. Despite this decrease, the ratio remains well within a relatively safe range compared to the standard of 20%. This confirms that the volume of net foreign reserves remains sufficient to defend the currency's value.

## 2.2.3 Import Coverage Indicator:

Import cover is widely regarded as a measure of the number of months a country can sustain its imports in the event of a total cessation of all foreign currency inflows. The internationally recognized standard for this indicator is a coverage of 3 - 6 months.
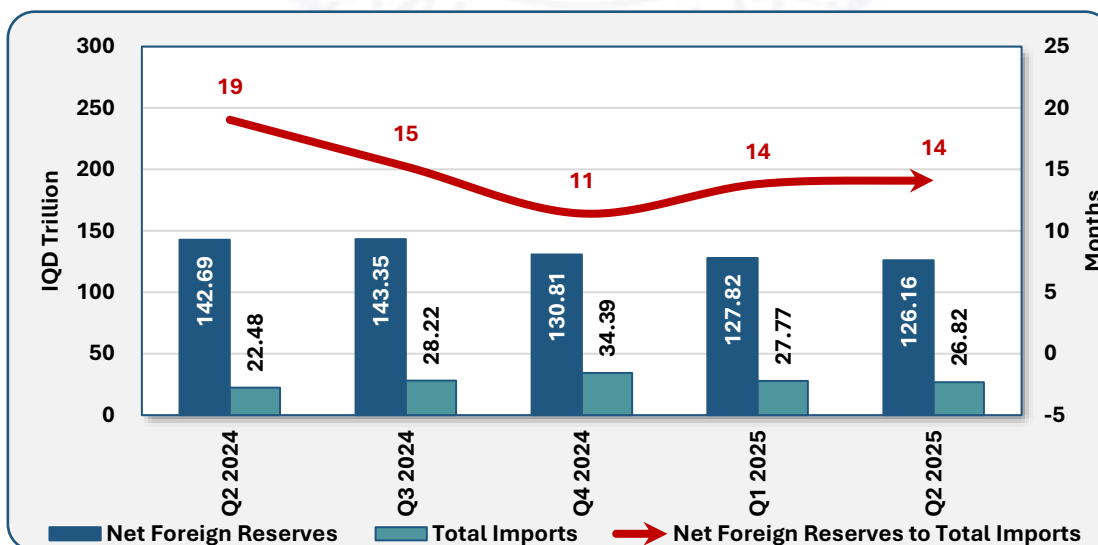
**Figure 18: Import Coverage Indicator**



Figure 18 shows a decrease in the ratio of foreign exchange reserves to imports, dropping from 19 months in Q2 of 2024 to 14 months in Q2 of 2025. Despite this
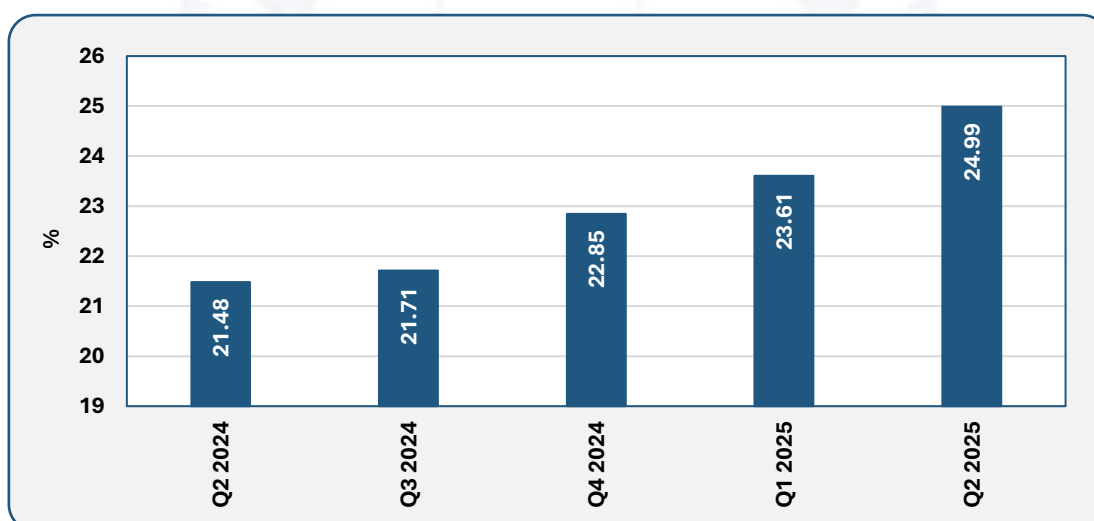
decline, the reserves held by Iraq are sufficient to cover 14 months of imports, assuming no further foreign currency revenues are received starting from Q2 of 2025.

## 2.3 Fiscal Discipline Indicators:

## 2.3.1 Ratio of Total Domestic Public Debt to GDP at Current Prices:

The ratio of public debt to GDP at current prices is one of the fundamental metrics for assessing a government's capacity to service its debt relative to the size of its economy. According to international standards, a fiscally sound ratio should not exceed 60% [7] of GDP at current prices. However, this ratio can vary significantly across countries, influenced by their specific economic conditions and the adaptability of their productive sectors. Nevertheless, exceptionally high debt levels are almost always a cause for economic concern.

### Figure 19: Ratio of Total Domestic Public Debt to GDP at Current Prices



**\* This indicator is calculated by dividing the total domestic public debt by the GDP of the current quarter plus the three preceding quarters.**

Figure 19 shows that the ratio of domestic public debt to GDP at current prices experienced an upward trend, rising from 21.48% in Q2 of 2024 to 24.99% in Q2 of 2025. This increase is attributed to the rise in the total volume of domestic public debt, which grew from IQD 78.16 trillion to IQD 87.75 trillion. This trend indicates an increasing reliance on domestic borrowing to bridge the general budget deficit, leading to a rise in total domestic public debt.
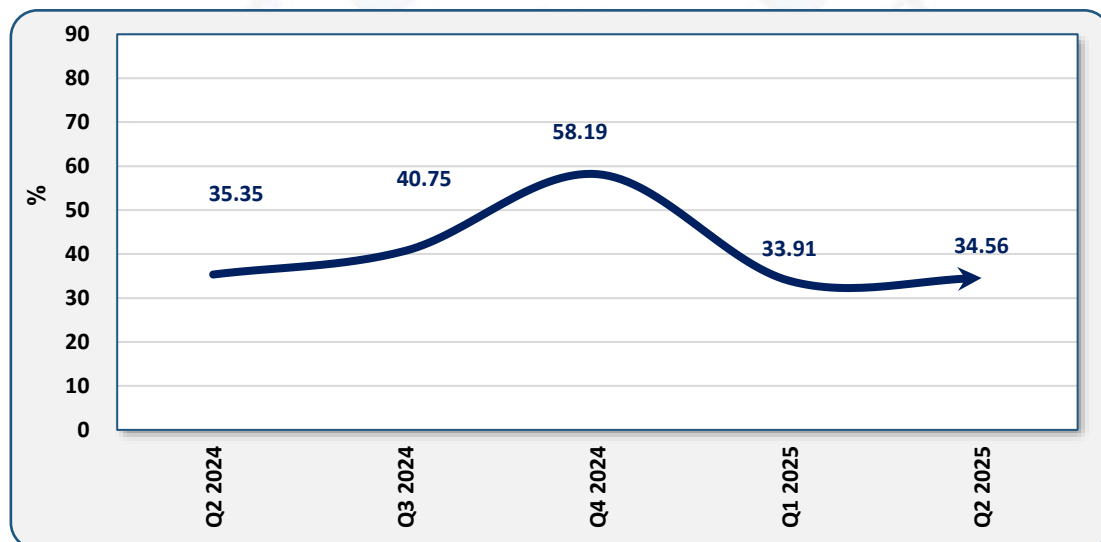
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7 European Central Bank : (https://www.ecb.europa.eu/ecb-and-you/explainers/tell-me-more/html/maastricht_treaty.en.html)

Consequently, this would impose additional financial burdens on the state in the form of interest payments, potentially constraining the future capacity to allocate resources toward investment spending. This, in turn, could lead to a sustained rise in the ratio of debt to GDP.

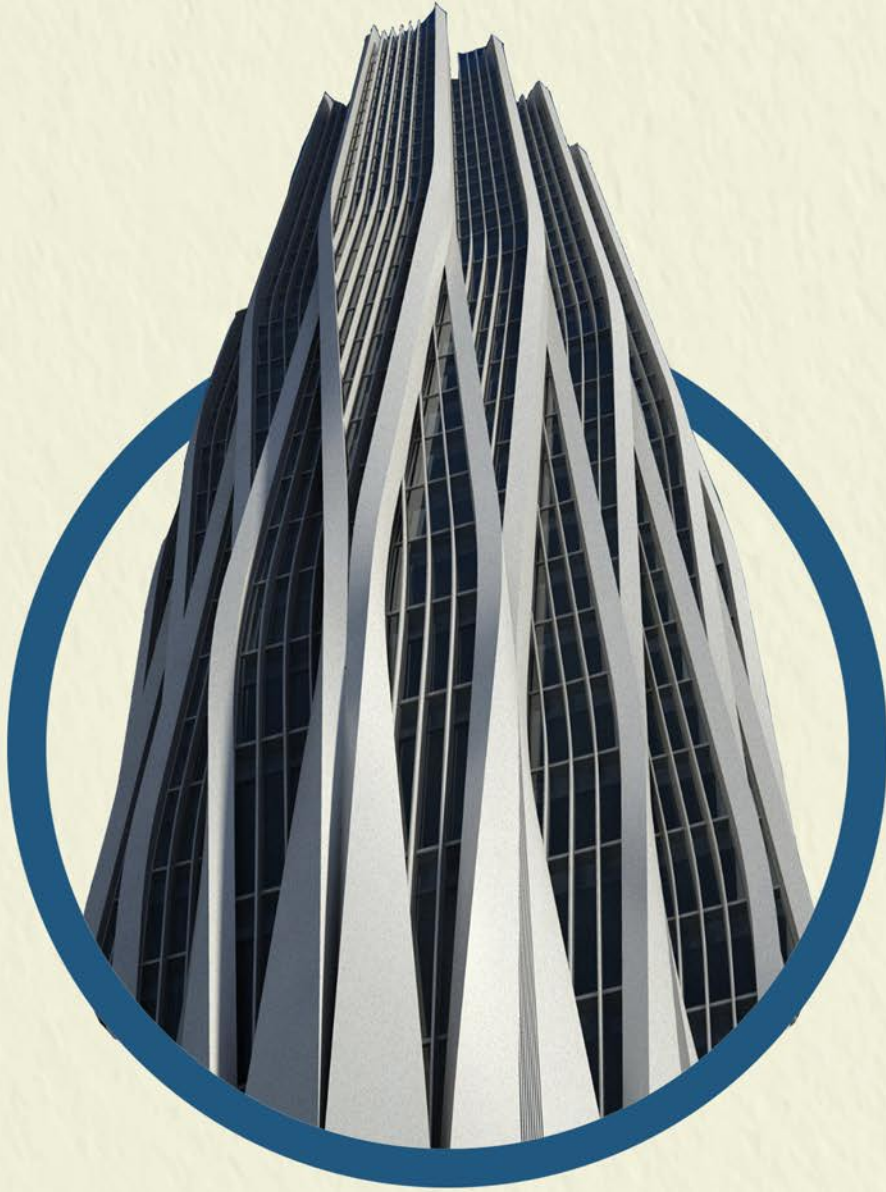## 2.3.2 Ratio of Public Expenditure to GDP at Current Prices:

The ratio of public expenditure to GDP at current prices is a vital tool for measuring the scale of government intervention in the economy and its subsequent impact on monetary stability. Accordingly, policymakers must approach this ratio with caution, as a significant surge in public spending without a corresponding increase in production drives up aggregate demand for goods and services, which may lead to inflationary pressures.

### Figure 20: Ratio of Public Expenditure to GDP at Current Prices



* Public Expenditure was relied upon as a flow-through amount.

Figure 20 illustrates a decline in the ratio of public expenditure to GDP from 35.35% in Q2 of 2024 to 34.56% in Q2 of 2025. This indicates that the government spent the equivalent of 34.56% of the GDP at current prices during Q2 2025, compared to 35.35% during the same period in 2024. This contraction is attributed to the adoption of a more disciplined fiscal policy aimed at curbing inflationary pressures and enhancing the efficiency of public spending. Furthermore, the CBI played a pivotal role in maintaining monetary stability and defending the national currency's value, thereby mitigating potential adverse effects on aggregate demand or price stability.