

Banking Regulation & Policy Department
Bangladesh Bank
Head Office
Dhaka

BRPD Circular No.-04

06 June 2004

Date-----

23 Jaisthya 1411

Chief Executive
All Scheduled Banks in Bangladesh

Dear Sir,

Regarding Determination of Interest rate on Lending

Please refer to our BRPD circular no.21, dated 01 November, 2001 on the above captioned subject.

02. As per existing interest rate policy, banks are empowered to determine interest rate on lending (except export credit) by themselves. In order to inform their clients, banks announce information relating to interest rate. It may be mentioned that banks can differentiate on interest rate not more than 3% in the same sector considering comparative risk among the borrowers.

03. In order to establish more transparency in determining interest rate and also to make it easily understandable and clear to their clients, it has been decided that henceforth banks will announce mid rate of interest rate band (if any) on respective sector while declaring interest rate on lending. Banks may charge interest rate 1.5% lower or higher than the declared rate considering comparative risk from client to client.

04. Other instructions of the said circular will remain unchanged.

The above instruction will be effective immediately.

Please acknowledge receipt.

Yours faithfully,

(Md. Jahangir Alam)
Deputy General Manager
Phone: 7125844