

Comprehensive Loan Documentation Guide for Bangladesh

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Personal Loans

Overview

Personal loans in Bangladesh are unsecured loans offered by banks and financial institutions for various personal needs including medical expenses, education, marriage, travel, home renovation, and consumer durables. The loan amount typically ranges from BDT 50,000 to BDT 20,00,000 depending on the applicant's income and creditworthiness.

Required Documents

General Documents (All Applicants)

- **Loan Application Form** (duly filled and signed)
- **National ID Card** (photocopy)
- **Passport-sized photographs** (2-4 copies)
- **Bank statements** (last 6 months)
- **Utility bills** (electricity/gas/water bill as proof of residence)
- **Trade license** (if applicable)

For Salaried Individuals

- **Letter of Introduction (LOI)** from employer
- **Salary certificate** or pay slip (last 3 months)
- **Employment appointment letter**
- **Increment letter** (if applicable)
- **Income tax certificate** or TIN certificate
- **Latest tax clearance certificate** (for loans above BDT 5 lac)

For Self-Employed Professionals

- **Professional license** (for doctors, engineers, accountants, architects)
- **Income tax returns** (last 2 years)
- **Business registration documents**
- **Bank statements** (business account for last 12 months)
- **Audited financial statements** (if available)
- **Professional chamber membership certificate**

For Business Owners

- **Business registration certificate**
- **Trade license** (renewed)
- **VAT registration certificate** (if applicable)
- **Income tax returns** (last 2-3 years)
- **Audited financial statements** (last 2 years)
- **Business bank statements** (last 12 months)
- **Partnership deed** (if partnership business)

Eligibility Criteria

Basic Requirements

- **Age:** 21 to 65 years (at loan maturity)
- **Minimum Monthly Income:** BDT 20,000 (varies by bank)
- **Employment:** Minimum 2 years of service/business experience
- **Residence:** Bangladeshi citizen or permanent resident

Income Requirements by Bank Type

- **Commercial Banks:** BDT 25,000 - BDT 50,000 minimum monthly income
- **Specialized Banks:** BDT 20,000 - BDT 30,000 minimum monthly income
- **Non-Bank Financial Institutions:** BDT 15,000 - BDT 25,000 minimum monthly income

Terms and Conditions

Loan Features

- **Loan Amount:** BDT 50,000 to BDT 20,00,000
- **Repayment Period:** 12 to 60 months (up to 5 years)
- **Interest Rate:** 12% to 18% per annum (varies by bank and credit profile)
- **Processing Fee:** 0.5% to 2% of loan amount
- **Guarantor:** Not required for loans up to BDT 5 lac

Key Conditions

- **Debt-to-Income Ratio:** Maximum 50% of monthly income
 - **Credit Score:** Good credit history required
 - **Collateral:** Generally unsecured (no collateral required)
 - **Prepayment:** Allowed with minimal charges (1-2% of outstanding amount)
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Home Loans / Mortgage Loans

Overview

Home loans in Bangladesh are secured loans for purchasing, constructing, or renovating residential properties. These loans are offered by commercial banks, specialized housing finance institutions, and government-backed schemes.

Required Documents

Standard Documents for Home Loans

- **Loan application form** (bank-specific format)
- **National ID card** and passport (if applicable)
- **Income documents** (salary certificate, tax returns, business documents)
- **Bank statements** (last 6-12 months)
- **Photograph** (passport-sized)

Property-Related Documents

- **Original title deed** (Registered Deed/Dakhila)
- **Property registration documents**
- **Approved building plan** (for construction loans)
- **Mutation certificate** (CS, SA, RS records)
- **Tax clearance certificate** (property tax)
- **NOC from relevant authorities** (RAJUK, City Corporation, etc.)
- **Property valuation report** (by bank-approved valuer)
- **Fire insurance policy** (mandatory)

For Construction Loans

- **Approved architectural plan**
- **Structural engineer's certificate**
- **Contractor's agreement** (if applicable)
- **Building permit** from local authority
- **Soil test report** (for certain areas)

Eligibility Criteria

General Eligibility

- **Age:** 18 to 65 years (at loan maturity)
- **Income:** Minimum BDT 30,000 monthly for individual applicants
- **Employment:** Stable employment/business for minimum 2 years
- **Property:** Must be located in approved areas

Income Requirements

- **Salaried:** Minimum BDT 25,000 monthly income
- **Self-employed:** Minimum BDT 35,000 monthly income
- **Joint Application:** Combined income considered

Loan Features and Terms

Loan Structure

- **Loan Amount:** Up to 80% of property value
- **Maximum Loan:** BDT 10 crore (varies by bank)
- **Repayment Period:** Up to 25 years
- **Interest Rate:** 9% to 12% per annum
- **Processing Fee:** 0.5% to 1% of loan amount

Special Features

- **Step-up/Step-down** EMI options
- **Floating/Fixed** interest rate options
- **Top-up loans** for existing customers
- **Balance transfer** facility
- **Overdraft** facility against property

Government Housing Schemes

Features of Government Schemes

- **Subsidized Interest Rates:** 7% to 9% per annum
 - **Lower Processing Fees:** 0.25% to 0.5% of loan amount
 - **Flexible Repayment:** Up to 25 years
 - **Priority Sectors:** Government employees, low-income groups
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Car/Auto Loans

Overview

Car loans in Bangladesh are secured loans for purchasing new or used vehicles. The loan is secured against the vehicle itself, which serves as collateral.

Required Documents

Standard Documents

- **Loan application form**
- **National ID card** (photocopy)
- **Passport-sized photographs**
- **Income documents** (salary certificate, business documents)
- **Bank statements** (last 6 months)
- **Employment letter** or business registration

Vehicle-Related Documents

- **Vehicle quotation** (from authorized dealer)
- **Vehicle registration documents** (for used cars)
- **Insurance policy** (comprehensive coverage)
- **Ownership transfer documents** (for used cars)
- **Fitness certificate** (for used cars)
- **Vehicle inspection report** (bank-approved)

Eligibility Criteria

Basic Requirements

- **Age:** 21 to 65 years
- **Minimum Income:** BDT 30,000 monthly
- **Employment:** Minimum 2 years stable employment
- **Down Payment:** 15% to 30% of vehicle value

Vehicle Eligibility

- **Age of Vehicle:** Maximum 5 years for used cars
- **Engine Capacity:** As per bank policy
- **Authorized Dealers:** Purchase from approved dealers

Loan Features

Loan Structure

- **Loan Amount:** Up to 85% of vehicle value
- **Repayment Period:** Up to 7 years
- **Interest Rate:** 12% to 16% per annum
- **Processing Fee:** 1% to 2% of loan amount

Special Features

- **Quick Processing:** 3-7 working days
 - **Competitive Rates:** Based on credit profile
 - **Flexible EMI:** Monthly, quarterly options
 - **Insurance Facility:** Arranged by bank
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Government and Special Scheme Loans

Overview

The Government of Bangladesh, through various ministries and Bangladesh Bank, offers special loan schemes for specific sectors and target groups including agriculture, SME, women entrepreneurs, and government employees.

Government Employee Loans

House Building Loan for Government Employees

- **Implementing Authority:** Finance Division, Ministry of Finance
- **Loan Amount:** Up to BDT 50 lac
- **Interest Rate:** 7% per annum
- **Repayment Period:** Up to 25 years
- **Eligibility:** Permanent government employees

Required Documents for Government Employees

- **House Building Loan Form-1, 2, 3** (as per government format)
- **Service book** (certified copy)
- **Pay scale certificate**
- **GPF statement** (last 2 years)
- **NOC from controlling officer**
- **Property documents** (as mentioned in home loan section)

Agricultural Loans

Features

- **Interest Rate:** 4% to 7% per annum
- **Collateral:** Flexible collateral requirements
- **Loan Amount:** Based on crop/livestock type
- **Repayment:** Seasonal/annual repayment

Required Documents

- **Kisan Credit Card** application
- **Land ownership documents**
- **Crop plan** or livestock details
- **Bank account details**
- **Recommendation** from local agricultural officer

SME Loans

Features

- **Interest Rate:** 6% to 12% per annum
- **Loan Amount:** Up to BDT 10 crore
- **Collateral:** Flexible requirements
- **Repayment:** Up to 10 years

Required Documents

- **Business plan** (detailed)
- **Trade license** (renewed)
- **Tax clearance certificate**
- **Business registration** documents
- **Financial statements** (last 2 years)
- **Bank statements** (last 12 months)

Women Entrepreneur Loans

Features

- **Interest Rate:** 5% to 10% per annum
- **Processing Fee:** Waived or minimal
- **Collateral:** Flexible requirements
- **Training:** Business development support

Required Documents

- **Women entrepreneur** registration certificate
- **Business plan**
- **Trade license**
- **Bank account** (business/personal)
- **Income tax** certificate

Priority Sector Loans

Sectors Covered

- **Agriculture and Allied Activities**
- **Micro and Small Enterprises**
- **Education**
- **Healthcare**
- **Renewable Energy**
- **Housing for Low-Income Groups**

Special Features

- **Subsidized Interest Rates:** 4% to 9% per annum
 - **Lower Processing Fees:** 0.25% to 0.5%
 - **Flexible Collateral:** Based on sector
 - **Longer Repayment:** Up to 15 years
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General Banking Guidelines

Bangladesh Bank Circulars and Regulations

Key Regulatory Guidelines

- **BRPD Circular:** Banking Regulation and Policy Department guidelines
- **Loan Classification:** Standard, Substandard, Doubtful, Bad/Loss
- **Provisioning Requirements:** 1% for unclassified loans
- **Interest Rate Guidelines:** As per Bangladesh Bank policy
- **Consumer Protection:** Fair lending practices

Important Regulatory Aspects

- **Credit Information Bureau:** Mandatory credit checking
- **Know Your Customer (KYC):** Mandatory for all loans
- **Anti-Money Laundering:** Compliance required
- **Foreign Exchange:** For foreign currency loans

Loan Processing Timeline

Standard Processing Time

- **Personal Loans:** 3-7 working days
- **Home Loans:** 15-30 working days
- **Car Loans:** 5-10 working days
- **Government Schemes:** 15-45 working days

Factors Affecting Processing Time

- **Document Completeness:** Complete documentation speeds up process
 - **Credit History:** Good credit score reduces processing time
 - **Property Verification:** Time-consuming for home loans
 - **Loan Amount:** Higher amounts require more verification
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Important Contacts and Resources

Bangladesh Bank

- **Address:** Motijheel Commercial Area, Dhaka-1000
- **Phone:** +880-2-9530010-20
- **Website:** www.bb.org.bd
- **Email:** info@bb.org.bd

Ministry of Finance

- **Address:** Bangladesh Secretariat, Dhaka-1000
- **Phone:** +880-2-9540000
- **Website:** www.mof.gov.bd

Credit Information Bureau (CIB)

- **Location:** Bangladesh Bank
- **Purpose:** Credit history verification
- **Mandatory:** For all loan applications

Key Banking Associations

- **Association of Bankers, Bangladesh (ABB)**
- **Bangladesh Association of Banks (BAB)**
- **Non-Bank Financial Institutions Association**

Important Websites

- **Bangladesh Bank:** www.bb.org.bd
- **Ministry of Finance:** www.mof.gov.bd
- **SME Foundation:** www.smef.org.bd
- **BSTI:** www.bsti.gov.bd

Emergency Contacts

- **Banking Ombudsman:** For banking disputes
 - **Financial Intelligence Unit:** For suspicious transactions
 - **Consumer Protection:** For unfair practices
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Compliance and Legal Considerations

Regulatory Compliance

- **Bangladesh Bank Guidelines:** All loans must comply with BB regulations
- **Income Tax:** Interest paid is tax-deductible (home loans)
- **Legal Documentation:** All agreements must be legally binding
- **Consumer Rights:** Borrowers have specific rights under law

Tips for Successful Loan Applications

1. **Maintain Good Credit History:** Pay existing loans on time
2. **Complete Documentation:** Provide all required documents
3. **Stable Income:** Demonstrate consistent income source
4. **Realistic Loan Amount:** Apply for amount within repayment capacity
5. **Choose Right Bank:** Compare interest rates and terms
6. **Professional Help:** Consider loan consultants for complex cases

Common Reasons for Loan Rejection

- **Poor Credit History:** Previous defaults or irregular payments
 - **Insufficient Income:** Income below bank's minimum requirement
 - **Incomplete Documentation:** Missing or incorrect documents
 - **Unstable Employment:** Frequent job changes
 - **High Debt-to-Income Ratio:** Existing loans consume too much income
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Disclaimer: This guide is for informational purposes only. Loan terms, conditions, and requirements may vary by bank and are subject to change. Please consult with specific banks or financial institutions for the most current information and personalized advice.

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For the most current information, please visit the official websites of respective banks and financial institutions or contact them directly.