



Startup Loan at 4% Interest from Age 21: Bangladesh Bank



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The Bangladesh Bank has taken a groundbreaking step to support young entrepreneurs. From now on, any Bangladeshi citizen aged 21 or older will be eligible to apply for a startup loan from commercial banks at a maximum interest rate of only 4%.

On Wednesday (9 July), the central bank issued a new master circular that updates the previous policies regarding startup financing. The circular states that this loan facility will be available not only for new businesses but also for existing startups, as long as they are not older than 12 years from the date of registration.

The loan amount has also been increased. Now, entrepreneurs can get loans between Tk 2 crore to Tk 8 crore, depending on the stage of the startup. Previously, the maximum limit was only Tk 1 crore. These loans can be used for both fixed assets and working capital, with interest charged quarterly.

To support this, the Bangladesh Bank has created a Tk 500 crore Startup Fund. Banks and financial institutions can take refinancing support from this fund when they give loans or investments to eligible startup businesses.

The new policy does not only focus on loans. It also includes the option for equity investment. Banks will be allowed to invest in startup businesses directly from their own startup funds in the form of equity.

To make this process easier, Bangladesh Bank plans to set up a venture capital company. Banks will invest their startup funds into this company, and it will make equity investments in selected startups. These investments will be recorded as equity investments in the banks' financial statements. Detailed rules and guidelines about this venture capital company will be published later.

According to the circular, banks must now use their own loanable funds to provide startup loans. New loans cannot be issued from the banks' existing startup funds. However, if a loan was already approved earlier, banks are allowed to release the remaining money under that approval.

Bangladesh Bank said that startup companies are playing an important role in the economy by creating jobs, boosting innovation, and supporting sustainable growth. They are helping to build new business models, attract global investment, and create employment opportunities — all of which are essential to achieving the Sustainable Development Goals (SDGs).

That is why the central bank has updated its startup financing policy to make it more modern, flexible, and effective for the current economic situation.