**Abstract**

Fungi isolated from soil were screened for exogenous lipolytic activity. The highest lipase activity was found in an isolate of Aspergillus terreus. Optimal cultural conditions influencing the growth and production of extra cellular lipase from this fungus was investigated. The lipase yield was maximum on day 5 of incubation when the medium was supplemented with maltose and cotton seed oil as sole carbon source and potassium nitrate as nitrogen source at pH 7 and at temperature of 40°C