

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

RAJYA SABHA
UNSTARRED QUESTION NO. 1034
ANSWERED ON TUESDAY, JULY 29, 2025/ 7 SRAVANA, 1947 (SAKA)

ACCESS TO CREDIT FOR FIRST-TIME BORROWERS

1034. SHRI HARIS BEERAN:

Will the Minister of Finance be pleased to state:

- (a) whether Government is considering any measures to ensure that first-time borrowers and individuals from the informal sector can access credit despite their limited credit history or lack of formal income documentation;
- (b) the steps being taken to address the issue of significant CIBIL score drops due to minor delays in repayments and the impact of such drops on the ability of individuals to secure loans; and
- (c) the steps being taken to reform the credit rating system to be more inclusive, fair, and flexible for the common man particularly those from the informal sector or with limited financial literacy?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) to (c): Credit Information Companies (CICs) are governed by the provisions of Credit Information Companies (Regulation) Act, 2005 (CICRA), the rules and regulations made thereunder, and guidelines issued by the Reserve Bank of India (RBI) from time to time.

Credit Information Report (CIR), including credit score, which is considered by Credit Institutions (CIs) for assessment of credit facilities, is provided by CICs based on the credit history of borrowers. Credit scores are derived by CICs through respective proprietary models.

CIs undertake assessment of credit facilities based on their Board approved policies and extant regulatory guidelines of RBI.

It is provided in CICRA, 2005 that a borrower or client may request the concerned CIC or CI for correction/update of his credit information, and the concerned CIC or CI is required to take appropriate steps to update the credit information within thirty days of being requested to do so.

In terms of RBI's Master Direction on Credit Information Reporting, CIs have been advised that first-time borrowers' loan applications should not be rejected just because they have no credit history.

The Master Direction, *inter- alia*, includes provisions for improving delivery of services to the common man:

- (i) access to one free full credit report including credit score, in an electronic format, to individuals;
- (ii) alternate grievance redressal mechanism under Reserve Bank- Integrated Ombudsman Scheme, 2021 to cover grievances against CICs;

- (iii) information to the customers about reasons for the rejection of their request for data correction, if any, to enable such customers to better understand the issues in CIR;
- (iv) implementation of compensation mechanism for delayed updation/ rectification of credit information; and
- (v) notification to customers via SMS or email when their CIR is accessed or reporting of any default/ days past due in existing credit facilities

With regard to providing access to credit to the individuals from the informal sector and to empower non-corporate, non-farm small and micro enterprises including those who are from the informal sector, the Government has implemented various schemes including, *inter alia*, the following:

- (i) PM SVANidhi;
- (ii) Pradhan Mantri Mudra Yojana;
- (iii) Stand-Up India;
- (iv) PM Vishwakarma; and
- (v) Prime Minister's Employment Generation Programme.
