

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
RAJYA SABHA

UNSTARRED QUESTION NO. 1051

ANSWERED ON TUESDAY, 9th DECEMBER, 2025/ 18 AGRAHAYANA, 1947 (SAKA)

CIBIL-BASED SANCTIONING OF LOW-VALUE LOANS

1051. DR. KANIMOZHI NVN SOMU:

Will the Minister of FINANCE be pleased to state:

- (a) whether Government has received representations from students, farmers, or financial institutions seeking that CIBIL scores are not be used as a determining factor for sanctioning low-value education loans and small agriculture loans;
- (b) whether Government proposes to issue guidelines directing banks and NBFCs to give greater weightage to socio-economic criteria, repayment capacity, and purpose-based assessments rather than strict CIBIL-score thresholds for such loans;
- (c) whether the Ministry is examining alternative credit-assessment models for first-time borrowers, students and small farmers without prior credit history; and
- (d) if so, the details thereof, if not, the reasons therefor?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SH. PANKAJ CHAUDHARY)

(a) to (b) Reserve Bank of India (RBI) informed that, they have received such representations on credit scores and the same were examined and responded.

The extant RBI instructions on credit information reporting require Credit Institutions (CIs), including Banks, NBFCs etc. to include in their loan policies / credit appraisal processes, suitable provisions for obtaining Credit Information Reports (CIRs) from one or more CICs so that the credit decisions are based on credit information available in the system. However, RBI has not prescribed any minimum credit score for sanction of loan applications to its Regulated Entities (REs). It also mandates CIs that first time borrowers' loan applications should not be rejected just because they have no credit history.

The information contained in the CIR, would only be one of the inputs amongst various other inputs/factors that lenders would consider before granting any credit facility to a prospective borrower.

Further, credit related matters of REs are largely deregulated and the same are governed by the Board approved loan policies of the REs framed under the ambit of relevant regulatory and statutory requirements.

(c) to (d) For better assessment of credit needs, especially of rural borrowers, CICs have been directed by the RBI to develop a framework for Grameen Credit Score. The development of Grameen Credit Score is expected to help in improving access to formal credit for rural population, including small farmers.
