

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
LOK SABHA
UNSTARRED QUESTION NO- †19
ANSWERED ON- 19/07/2021

CIBIL SCORE

†19. SHRI HEMANT SRIRAM PATIL
SHRI RAMDAS C. TADAS

Will the Minister of FINANCE be pleased to state:-

- (a) whether the Government has fixed any card fee for getting the CIBIL score, if so, the details thereof;
- (b) whether banks are charging exorbitant fee for the said service, if so, the details thereof; and
- (c) whether the CIBIL score is mandatory for Indian citizens to avail loan, if so, the criteria for evaluation of CIBIL score; and
- (d) whether there is any plan to improve this evaluation method and if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a) to (d): TransUnion CIBIL Limited, which was formerly Credit Information Bureau (India) Limited and referred to as "CIBIL" is one of the credit information companies (CICs) that has been granted a certificate of registration by the Reserve Bank of India (RBI) to carry on the business of credit information, which is regulated by the Credit Information Companies (Regulation) Act, 2005. CICs collect, process and collate information on trade, credit and financial standing of the borrowers of credit institutions and provide credit information to specified users in form of a credit information report (CIR), which also includes a credit score. Credit scoring is a system aimed at enabling a credit institution to assess the credit worthiness and capacity of a borrower to repay his loan and advances and discharge his other obligations in respect of the credit facility availed of or to be availed of by him.

The fee chargeable for obtaining credit score is regulated by RBI under the Credit Information Companies Regulations, 2006, which provide that a CIC may charge

an amount not exceeding Rs. 100 for providing to an individual his own credit information. Further, *vide* circular dated 1.9.2016 on "Free Annual Credit Report to Individuals", RBI has advised every CIC to provide one free full credit report including credit score in electronic format, once in a year to individuals whose credit history is available with the CIC.

With regard to credit score being mandatory for availing of loans, RBI has apprised that banks, at the time of doing credit appraisal, are expected to undertake due diligence from various sources, including examining the credit history of the borrower based on the CIR from CICs. Further, to strengthen the information back-up about the borrowers enjoying credit facilities from multiple banks, RBI has advised banks to make greater use of CIRs from CICs.

RBI has further apprised that it has advised banks and financial institutions, *vide* circular dated 27.6.2014, to include in their credit appraisal processes or loan policies, suitable provisions for obtaining CIRs from one or more CICs so that the credit decisions are based on information available in the system.
