

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES

**LOK SABHA**  
**UNSTARRED QUESTION NO-958**

ANSWERED ON MONDAY, FEBRUARY 10, 2025/MAGHA 21, 1946 (SAKA)

**CHALLENGES FACED BY FIRST TIME BORROWERS DUE TO CIBIL SCORE**

958. SHRI MADDILA GURUMOORTHY

Will the Minister of FINANCE be pleased to state:-

(a) whether the Government is aware of the challenges being faced by first-time borrowers and informal sector workers who have limited or no access to credit due to low or non-existent CIBIL scores;

(b) whether the 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;

(c) 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 have on the ability of individuals to secure loans; and

(d) 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 IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) to (d): Credit Information Report (CIR), including credit score, is provided by Credit Information Companies (CICs) based on the credit history of borrowers, which are considered by Credit Institutions (CIs) for assessment of credit facilities. Based on the credit information furnished by CIs, 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 the Reserve Bank of India (RBI).

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
- (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

It is provided in the Credit Information Companies (Regulation) Act, 2005 that a borrower or client may request the concerned CIC or CI for correction/updation of his credit information, and the concerned CIC or CI are required to take appropriate steps to update the credit information within thirty days of being requested to do so.

With regard to formalize 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 launched various schemes including, *insster 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

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