GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO- 4122

ANSWERED ON MONDAY, AUGUST 18, 2025/SRAVANA 27, 1947 (SAKA)

STATUS AND RECOGNITION OF CIBIL SCORE

4122. KM. SUDHA R:

Will the Minister of FINANCE be pleased to state:-

(a) the legal status and recognition of CIBIL score;

(b) whether the Government has authorised any organisation to prepare CIBIL and paid any fees to such organisation and if so, the details thereof;

(c) whether any weightage is given to CIBIL scores by public sector banks while lending home loan, gold loan and farm loan;

(d) whether the Government plans to have its own agency replacing CIBIL to do due diligence before lending loans; and

(e) whether the Government plans to remove CIBIL scores as mandatory requirement for home loans and gold loans from private and scheduled banks and if so, the details thereof and if not, the reasons therefor?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a): TransUnion CIBIL Limited, which was formerly Credit Information Bureau (India) Limited and referred to as "CIBIL" is one of the credit information companies (CICs). Credit Information Companies function under the extant framework of Credit Information Companies (Regulation) Act, 2005 (CICRA), and the rules and regulations made thereunder.

As per the functions enabled according to provisions in sub-section 1(c) of Section 14 of CICRA, credit information companies provide credit scoring to its specified users or specified users of any other credit information company or to other credit information companies being its members. CICs generate Credit Information Report (CIR) of a borrower which also includes the credit score (for e.g., CIBIL score as generated by TransUnion CIBIL Ltd).

(b): Reserve Bank of India (RBI) has granted Certificate of Registration (CoR) under Section 5 of CICRA to four Credit Information Companies (CICs) for carrying on the business of Credit Information in India, as mentioned below:

- TransUnion CIBIL Ltd.
- Equifax Credit Information Services Pvt Ltd.
- Experian Credit Information Company of India Pvt Ltd.
- CRIF High Mark Credit Information Services Pvt Ltd.

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.

(c): In terms of Para 11(1) of the RBI's Master Direction (Credit Information Reporting), dated 6.1.2025, it is stipulated that Credit institutions (CIs) shall include in their credit appraisal processes/loan policies, suitable provisions for obtaining Credit Information Reports (which includes the credit score) from one or more CICs so that the credit decisions are based on credit information available in the system. Credit score enables a CI to assess the credit worthiness and capacity of a borrower to repay his loan and advances and discharge his other obligations in respect of credit facility availed or to be availed by him/her.

However, RBI has not prescribed any minimum credit score for sanction of loan applications. In a deregulated credit environment, lenders take credit decisions as per their commercial considerations based on their Board approved policies and broad regulatory guidelines and the information contained in the Credit Information Report would be one of the inputs, amongst various other inputs/factors, that lenders would consider before granting any credit facility to a prospective borrower.

Further, as part of best practices for credit institutions, Reserve Bank *vide* referred Master Direction dated 6.1.2025 has advised CIs that first time borrowers' loan applications should not be rejected just because they have no credit history.

(d): Union Budget 2023-24 has announced setting up of a National Financial Information Registry (NFIR) as a central repository of financial information through a new legislative framework wherein NFIR is envisaged to serve as a repository of both credit and ancillary information, thus enabling comprehensive credit assessment of borrowers. The framework is proposed to be designed in consultation with RBI. However, currently there is no proposal to replace TransUnion CIBIL Limited with an alternate mechanism.

(e): 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. Credit related matters of Regulated Entities (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 and terms and conditions of the loan agreement between the borrower and the RE. In this context, information on past repayment history, including information on delayed repayments, loans settled, restructured, written-off, *etc.*, in the CIRs, is essential for assessing the creditworthiness of a borrower and to enable lenders to make informed credit decisions.

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