

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

**LOK SABHA
UNSTARRED QUESTION NO- 4854**

ANSWERED ON MONDAY, 23 MARCH, 2026/CHAITRA 02, 1948 (SAKA)

Transparency in Calculation of CIBIL Score

4854. SHRI SHAFI PARAMBIL:

Will the Minister of FINANCE be pleased to state:-

(a) whether the Government is aware of complaints regarding lack of transparency, uniformity and logical consistency in the calculation of Credit Information Bureau India Limited (CIBIL)/credit scores by credit information companies, if so, the details thereof;

(b) whether minor delays, technical errors or disputed entries are reportedly resulting in disproportionately low credit scores affecting individuals' access to loans, if so, the details thereof;

(c) the regulatory framework governing the methodology adopted by credit information companies for computing credit scores and whether the Reserve Bank of India reviews such methodologies, if so, the details thereof;

(d) whether the Government proposes to introduce greater transparency, accountability and grievance redressal mechanisms in the credit scoring system, if so, the details thereof; and

(e) the steps taken by the Government to protect consumers from arbitrary or rigid credit score calculations that adversely impact their financial credibility?

ANSWER

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

(a) to (e): Credit Information Companies (CICs) function under the extant framework of Credit Information Companies (Regulation) Act, 2005 (CICRA), Credit Information Companies Rules, 2006 (CIC Rules) and Credit Information Companies Regulations, 2006 (CIC Regulations).

The Reserve Bank of India (RBI) has informed that the credit scoring models used by the CICs are proprietary in nature which are based on their respective experience in the business of credit information. CICs generate credit score of a borrower considering multiple factors, including but not limited to, recency and frequency of delinquency, debt level and payment history. CICs generate Credit Information Report (CIR) of a borrower. RBI has not prescribed any methodology to be adopted by CICs for calculating credit scores.

The credit score is derived based on the credit information submitted by Credit Institutions (CIs) [as defined under section 2(f) of CICRA, 2005] to a CIC of which it is a member. Further,

in terms of Section 21(3) of CICRA, 2005, in case of any discrepancy found in the CIR, a borrower may request the concerned CIC or the CI for correction/updation of his credit information and the concerned entity (CIC/CI), as the case may be, shall take appropriate steps to update the credit information within 30 days of being requested to do so. However, CICs being repositories of credit information, any correction, deletion or addition in the credit information can be made by the CIC only after the same has been certified as correct by the concerned CI.

Further, a borrower may also lodge a complaint under the Reserve Bank Integrated Ombudsman Scheme, 2021 (RB-IOS, 2021) against a CIC/CI to the extent not excluded under the said Scheme, through the following link: <https://cms.rbi.org.in>, for redressal of the grievance as per the provisions of RB-IOS, 2021.

In order to strengthen and improve the efficacy of the grievance redressal mechanism and customer service provided by the CIs and CICs, RBI has stipulated that the following measures be put in place by CIs and CICs.

- (i) All CIs are required to be members of all CICs and submit data to all of them.
- (ii) Standardised data formats have been prescribed for reporting of credit information to CICs by CIs under each of the three reporting segments – consumer, commercial and microfinance.
- (iii) CIs and CICs have been directed to keep the credit information maintained/collected by them updated at fortnightly basis or at shorter interval as mutually agreed between the CI and CIC. CIs to ensure that the records submitted to CICs are updated regularly and that no instances of repayment, including that of the last instalment, are left unreported. Further, upon review by RBI, the extant directions have been amended, *vide* Amendment Directions issued on 04.12.2025. The amended directions which come into force from 01.07.2026, require the CIs to submit credit information with greater frequency (i.e. as on 9th, 16th, 23rd and last day of the month) to CICs or at shorter intervals as mutually agreed upon between the CI and CIC.
- (iv) CICs to send alerts through SMS/email to customers when their CIR is accessed by the Specified Users, wherever mobile number/email ID details of the customers are available. CIs to send alerts through SMS/email to customers while submitting information to CICs regarding default / days past due (DPD) in existing credit facilities, wherever the mobile number/email ID details are available.
- (v) CIs to have a dedicated nodal point / official of contact for CICs for redressal of customer grievances.
- (vi) CIs to inform customers the reasons for rejection of their request for data correction, if any, to enable such customers to better understand the issues in the CIR.
- (vii) CIs to undertake Root Cause Analysis (RCA) of the customer grievances at least on a half yearly basis.
- (viii) With a view to enable proactive detection of errors in credit reports and credit scores, if any, RBI has also mandated the CICs to provide access, upon request and after due authentication of the requester, to one free full credit report including credit score, once every year.
- (ix) In addition to above, RBI has prescribed a compensation framework for delayed updation / rectification of credit information by CIs/CICs wherein complainants would be entitled to a compensation of ₹100 per day for delayed resolution beyond 30 days of filing the complaint.

The objective of the aforesaid measures is to address any issues concerning credit information being reported to CICs by CIs, which forms the basis for calculation of credit score.

With regard to the concern on rejection of loan applications on the grounds of credit score, RBI has informed that it has not issued any guidelines/instructions to its REs such as Banks, NBFCs, etc. to reject a loan basis a certain credit score and neither prescribed a minimum credit score for securing a loan. With an intention to ensure that the credit decisions of CIs are based on credit information available in the system, RBI has mandated that CIs to include in their loan policies / credit appraisal processes, suitable provisions for obtaining CIRs from one or more CICs. However, credit related matters of lenders are largely deregulated, and lenders are expected to take credit decisions based on their commercial judgement and risk appetite, as per their Board-approved policy and broad regulatory guidelines.

RBI has also informed that lenders rely on various factors to arrive at a credit decision and the information sourced from CICs forms only one of such various other factors. 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. However, as part of Best Practices for CIs, they have been advised that first time borrowers' loan applications should not be rejected just because they have no credit history.

Further, RBI has mandated that CIR shall provide appropriate disclosures, if any information contained therein has been disputed and the matter has not been satisfactorily resolved. If the customer so desires, his/her comment could also be added to the CIR.

All CICs have uploaded knowledge material on improving credit score on their website for public dissemination. Further, RBI has mandated that to facilitate the understanding and interpretation of credit scores in an easy and consistent manner, the credit scores to be calibrated from 300 to 900 by all CICs, so that they have a common classification of credit scores.
