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ABOUT CIBIL AND THE CREDIT SCORE

WHAT ROLE DOES CIBIL PLAY?

TransUnion CIBIL Limited is India’s first Credit Information Company. We collect and maintain monthly reports (Credit Information Report - CIR) from banks and financial institutions, detailing individuals’ loan and credit card payment history.

Basis the CIR a Credit Score is generated which is then used by the lenders during the loan evaluation process.

WHAT IS A CREDIT SCORE?

A Credit Score is a three digit numeric summary of your credit history. The value ranges between 300-900. It is derived by using details found in the Accounts and Enquiries section on your Credit Information Report (CIR). It indicates the ‘probability of default’ of a borrower based on their credit history. (Refer Page No. 06 for more details.)

* Your Score
* Figures indicate % of all new loans sanctioned falling in this score band
IMPORTANCE OF CIBIL SCORE IN LOAN APPROVAL PROCESS

WHAT ROLE DOES A CIBIL SCORE PLAY IN THE LOAN APPLICATION PROCESS?

Your CIBIL Score is one of the first checks that a lender does when they are evaluating your loan application. It’s important to know that nearly 90% of the loans are granted for individuals with score greater than 750.

The higher your CIBIL Score, the higher are the chances of your loan application getting approved.

HOW DOES ONE DETERMINE THEIR LOAN ELIGIBILITY?

Loan eligibility is determined using information such as Income, Current EMIs, and Credit Score. Once a Credit Score meets the lenders internal credit policy criteria, they then analyse the documents to understand some key points before approving loan application as mentioned below.

---

**Case 1**
- Income: ₹50,000
- Total EMIs being paid: ₹10,000
- EMI to Income Ratio: 20% (₹10,000 / ₹50,000)
- Rule of thumb EMI to Income Ratio: 50% (lenders assume you will need half your salary for living expenses)
- Total Borrowing Capacity: 50% of ₹50,000 = ₹25,000
- Total Incremental EMI that the individual can afford: ₹25,000 + ₹10,000 = ₹35,000
- Basis the EMI, total additional loan that may be sanctioned at an interest rate of 10% over 20 years: ₹35,000

**Loan Application is likely to get approved.**

**Case 2**
- Income: ₹1,00,000
- Total EMIs being paid: ₹50,000
- EMI to Income Ratio: 50% (₹50,000 / ₹1,00,000)
- Rule of thumb EMI to Income Ratio: 50% (lenders assume you will need half your salary for living expenses)
- Total Borrowing Capacity: 50% of ₹1,00,000 = ₹50,000
- Total Incremental EMI that the individual can afford: ₹50,000 + ₹50,000 = ₹100,000
- Basis the EMI, total additional loan that may be sanctioned at an interest rate of 10% over 20 years: ₹100,000

**Loan Application is likely to get rejected.**

*For illustrative purpose only.*
HOW TO READ YOUR CIBIL REPORT

HOW TO READ A CIR?
A Credit Information Report (CIR) contains detailed information on the credit you have availed, such as home loans, credit cards, personal loans, automobile loans, overdraft facilities. The Credit Report is divided into 6 sections:

CIBIL SCORE
The CIBIL Score reflects your Credit health or your Creditworthiness.

PERSONAL INFORMATION
It contains your Personal details (Name, PAN Card, DOB) as reported by Banks. Make sure this information is accurate.

<table>
<thead>
<tr>
<th>NAME</th>
<th>DATE OF BIRTH</th>
<th>GENDER</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARUN KUMAR</td>
<td>16-05-1978</td>
<td>MALE</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>IDENTIFICATION TYPE</th>
<th>NUMBER</th>
<th>ISSUE DATE</th>
<th>EXPIRATION DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>INCOME TAX ID NUMBER (PAN)</td>
<td>AABBB1234C</td>
<td>30-07-2000</td>
<td>-</td>
</tr>
<tr>
<td>PASSPORT NUMBER</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>VOTER ID NUMBER</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>DRIVING LICENSE NUMBER</td>
<td>M101234567</td>
<td>23-12-2006</td>
<td>31-12-2016</td>
</tr>
<tr>
<td>RATION CARD NUMBER</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>UNIQUE ID NUMBER (UID)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>ADDITIONAL ID # 1</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

CONTACT INFORMATION
Various contact details provided by various lenders are recorded here. Up to 4 addresses are mentioned here.

<table>
<thead>
<tr>
<th>ADDRESS 1 ADDRESS LINE 1</th>
<th>ADDRESS 2 ADDRESS LINE 2</th>
<th>CATEGORY</th>
<th>STATUS</th>
<th>DATE REPORTED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>PERMANENT</td>
<td>OWNED</td>
<td>12-06-2009</td>
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<table>
<thead>
<tr>
<th>TELEPHONE NUMBERS TYPE</th>
<th>NUMBER</th>
<th>EXTENSION</th>
</tr>
</thead>
<tbody>
<tr>
<td>MOBILE PHONE</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>HOME PHONE</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>OFFICE PHONE</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>NOT CLASSIFIED</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

E-MAIL CONTACT
E-MAIL ADDRESS 1
E-MAIL ADDRESS 2
EMPLOYMENT INFORMATION

Monthly or annual income details are captured here as reported by the lenders. As mentioned at the time of loan application.

ACCOUNT INFORMATION

Contains the details of your credit facilities including names of lenders, type of credit facilities (home, auto, personal, overdraft, etc.), account numbers, ownership details, date opened, date of last payment, loan amount, current balance and a month on month record (of up to 3 years) of your payments.

The below section represents your payment behaviour. Any irregularity in payment is recorded here. Please check the glossary section to understand the terms in detail.

ENQUIRY INFORMATION

This section details out which lenders are requesting/enquiring for your credit details. The purpose for which the enquiry is made and the approximate amount for it is highlighted in this section.

If you have made many applications for loans in a short period of time or have recently been sanctioned new credit facilities, a credit institution is likely to view your application with caution. This behavior of seeking excessive credit indicates that your debt burden is likely to, or has increased and you are less capable of honoring any additional debt, leading to a marginal impact on your Credit Score.
LOAN REJECTION AND DISPUTES

WHY ARE APPLICANTS ASKED TO CONTACT CIBIL IF THEIR LOAN HAS BEEN REJECTED?

One of the parameters considered by lenders when evaluating a loan application is the CIBIL Score. The loan would have been rejected because the CIBIL Score does not meet the lenders internal Credit policy criteria. By contacting CIBIL you can purchase your CIBIL Score and Report understand your credit history in detail. The report will indicate the areas that are adversely affecting the Credit Score or will help you identify any discrepancies/errors that may be reflecting against your name.

WHAT ARE THE TYPES OF DISPUTES/ERRORS THAT CAN BE RAISED WITH CIBIL?

YOU CAN CONTACT US IF YOU NOTICE ANY ERROR IN YOUR REPORT. THE TYPES OF DISPUTE THAT CAN BE RAISED ARE:

1. Personal Information: Information such as Name, Date of Birth, Pan Card, Address, etc.
2. Account Information: Information such as Account/Loan Type, status, date of last payment, current balance, amount overdue etc. can be disputed. If you purchased your CIR within 45 days of making the last payment, it may not be updated yet. However, if the ‘Date Reported’ is older than 2 months, write to CIBIL to update the information.
3. Ownership: Make sure all personal details and accounts belong to you. If an account does not match, raise a dispute.
4. Duplicate Account: If the same account is reflecting more than once, you can get this rectified.
DISPUTE RESOLUTION PROCESS

1. Submit the Online Dispute Form
2. Disputed field(s) under relevant section(s) are marked "Under Dispute"
3. "Under Dispute" is removed from Disputed field under relevant section(s)
4. The Dispute is taken up with the concerned Lenders based on type of dispute
5. The Lender accepts or rejects the Dispute
6. If Dispute is accepted, corrections are made

Total Turnaround Time of 30 Days*

*Subject to the time taken by the CI.
## GLOSSARY

### Understanding the terms and keywords

<table>
<thead>
<tr>
<th>KEY TERM</th>
<th>EXPLANATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>AC (ASSET CLASSIFICATION)</td>
<td>It is important to note that some banks report EDP (please refer to the EDP description for more information) as per the Asset Classification norms defined by RBI, which are as follows:</td>
</tr>
<tr>
<td>Dpo</td>
<td>Provisions</td>
</tr>
<tr>
<td>std</td>
<td>Standard</td>
</tr>
<tr>
<td>sie</td>
<td>Special Mention Account</td>
</tr>
<tr>
<td>Sib</td>
<td>Substandard</td>
</tr>
<tr>
<td>std</td>
<td>Standard</td>
</tr>
<tr>
<td>Ddft</td>
<td>Default</td>
</tr>
<tr>
<td>Ld</td>
<td>Lost</td>
</tr>
</tbody>
</table>

### ACCOUNTS

- Only credit facilities get reported in your CIBIL, such as home loans, auto and personal loans, overdraft facilities, and term loans against shares, assets including savings account, fixed deposits, mutual funds and stock investments do not get reported.

### ACTUAL PAYMENT AMOUNT

- The amount you have paid over and above the interest amount as per the EDP rules. This may be more or less than the DRE Amount.

### AMOUNT OWEING

- It is the total amount that has been paid to the lender on a monthly basis (inclusive of principal and interest amount).

### CASH \( \textit{CASH} \)

- Applicable to credit cards specifically. It is the amount of cash you are entitled to withdraw from your credit card.

### CLOSED-ACCOUNT CLEARED ACCOUNTS

- An account that has been closed by the lender if you have paid off your loan. It could also be closed if you have not paid off the full loan amount, but the status of the account is "Written Off" and "Cleared".

### CN (CONTROL NUMBER)

- This is your report number and is essential for you to report a dispute or request.

### CREDIT LIMIT

- Applies to credit cards and over-limit advice. It reflects the total amount of credit you have access to with regard to the credit card or over-limit facility.

### CURRENT BALANCE

- The amount you still owe on a particular credit facility. Amounts due up to 30 days after your payment receipt to update the information with CIBIL.

### DRE (DUE PAYABLE DATE)

- DRE in Days Part One appears in the Accounts Information section of your CIBIL. The DRE indicates how many days a payment is due on your account, i.e., the month. Anything other than "00" or "31" (refers to the ASSET CLASSIFICATION as described in more detail in the section) is considered a delay. Up to 36 months of this payment history (with the most recent month displayed first) are provided.

### EMBARGO

- In the EMBARGO (Equity Margin Requirements) that you operate on the loan.

### ENQUIRY

- Enquiries are added to your report when you apply for a loan or credit card and the lender decides to access your CIBIL details such as the name of the loan provider and type of loan in question. Please note that the date of the enquiry may differ from your actual application date because the lender may access your CIBIL a day or more after you have applied.

### HUI (HUI CREDIT)

- Applies to credit cards and over-limit advice. It reflects the highest amount you have reached including interest and fees for that particular credit card or over-limit.

### NA \( \textit{NA} \) \( \textit{NA} \)

- A score of "NA" or "0" is not a bad thing at all. These mean one of the following:
  1. You do not have a credit history or do not have enough of a credit history to be scored, i.e., you are now to this credit system.
  2. You do not have any active credits card and have no credit reports.

### OTHER STATUS

- Possible status: Exclusion
  - Restructured Loans: The lender has restructured the loan by offering different terms (e.g., extended the loan tenor or reduced interest rate).

### OWNERSHIP

- The field holds the lender who is responsible for payments on that loan or credit card. There are 3 types of indicators that can appear on your CIBIL:
  1. Single: Your sole owner is responsible for payments on the account.
  2. Joint: You and someone else share equal responsibility for payments on these accounts. This will also reflect on the other individual's CIBIL.
  3. Authorized User: The user has access and control over the account, including the ability to make payments.

### PAYMENT HISTORY

- This field is to be read with the "PAYMENT FREQUENCY" and in order to accurately understand this field, it is important to understand the term of the loan. For example, "31" at a monthly payment frequency would mean the term of the loan is 3 years.

### SANCTIONED AMOUNT

- This is the loan amount disbursed to you. Applies to accounts types other than credit cards and over-limit.

### SETTLEMENT AMOUNT

- When an amount owed on a loan account is paid, the individual(s) and lender settle at the same amount. In some cases, the settlement is due to the lender being satisfied with the individual's payments. This amount is the total amount that the lender believes is owed written-off by the lender.

### WRITTEN-OFF AMOUNT (PRINCIPAL)

- This field reflects the principal amount written-off by the lender. It follows that the difference between the total and principal amount written-off amounts in the interest amount that has been written-off on the account.

### WRITTEN-OFF AMOUNT (TOTAL)

- When a loan is written-off there is an interest and principal component. This field reflects the total principal and interest amount written-off.
CASE STUDY SCORE

HOW A ‘GOOD’ CREDIT HISTORY HELPS IN GETTING LOWER RATES FOR LOANS?

Mr. Roy wanted a car worth 10.29 lacs, he had 4 lacs and needed an auto loan of 6.29 lacs. He applied for a loan from Bank A, who offered him a quote of 11.70% for a 5 year period; the EMI would be 13,897. Mr. Roy also approached Bank B, who checked his CIBIL Score and Report and offered a lower rate of 11.30% for the same term, bringing down the EMI by 126. Mr. Roy called Bank A to decline their offer since Bank B had given him a better quote. On learning this, Bank A matched the offer by giving him a rate of 10.34%; the EMI would be 13,470, resulting in a total saving of 25,604 over the 5 years. Mr. Roy’s good credit history, credit score, and financial discipline earned him almost a 3% discount on an auto loan.