An Analytical Survey on Credit Scoring Mechanism in India

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Abstract Credit score is an important indicator to lenders of your capability to repay loans. A consumer's creditworthiness is indicated by a number between 300 and 850 called a credit score. The advanced the score, the better a borrower looks to implicit lenders. It is predicated on data gathered from lenders and is consolidated in the Credit Information Report or CIR. This paper reviews to check one's report regularly, also helps you to identify any disagreement that may be lowered your score, and helps to recover the lower score to advanced situations score.

Keywords Credit score · Credit ratings · Net profit · Loan

1 Introduction

Credit scoring, this phrase refers to a statistical analysis carried out by lenders and financial organizations to assess the creditworthiness of clients, which can be any individual or proprietor. This process is used by lenders to determine whether to grant or deny credit. The client profile may be impacted by this score system when applying for financial goods like mortgages, auto loans, credit cards, and private loans. Popular credit scoring models include CRISIL, ICRA, CARE, SMERA, Fitch India, and Brickwork Ratings. Credit scoring is used by lenders in risk-based pricing, which bases loan terms, such as interest rates, on the likelihood that they will be repaid. While credit scores are used for individuals and small, family-owned enterprises, credit ratings are used for businesses and the government. The most well-known credit scoring model is the Credit Information Bureau (India) Limited (CIBIL), which has a license from the Reserve Bank of India. There are three further businesses with licenses from the RBI that are referred to as credit information companies. The range of a CIBIL credit score is 300–900. A good score is one that is greater than 700. This method is used by lenders and financial institutions to evaluate the creditworthiness

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