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**Thakur College of Science & Commerce**  
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**PROJECT REPORT ON:**

**“SCENERIO OF PERSONAL LOANS IN INDIA”**

**SUBMITTED BY:**

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**T.Y.B.COM ACCOUNTING & FINANCE (SEMESTER VI)**

**SUBMITTED TO:**



**University of Mumbai**

**PROJECT GUIDE:**

**AKASH. DESHMUKH.**

**Academic Year: 2019-20**



## **DECLARATION**

I, **KEVIN RAJU PATEL** from THAKUR COLLEGE OF SCIENCE AND COMMERCE, Student of T.Y.B. Com – ACCOUNTING & FINANCE (SEM VI), hereby submit my project report on “**SCENERIO OF PERSONAL LOANS IN INDIA**” I also declare that this project which is partial fulfilment of the requirement for the degree of T.Y.B. Com (ACCOUNTING & FINANCE) offered by UNIVERSITY OF MUMBAI is the result of my own efforts with the help of experts.

**KEVIN PATEL**

Date:

Place:



## **CERTIFICATE**

This is to certify that **MR. KEVIN RAJU PATEL** has worked and duly completed his project work for the degree of Bachelor in Commerce (Accounting & Finance) under the Faculty of Commerce in the subject of and his project id entitled as **“S”** under my supervision.

I further certify that the entire work has been done by the learner under my guidance and that no part of it has been submitted previously by any Degree or Diploma of any University. It is her own work and facts reported by her personal findings and investigation.

Date: -

Place: -

Coordinator

Project Guide

Principal

Internal Examiner

External Examiner



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## **CHAPTER 1**

### **INTRODUCTION**

The Indian Banking sector has seen a surge in not just its number of participants but also in the business of amassing customers. As India has seen a unique phenomenon with respect to its demographic viza.viz along the world demographic of a younger and more participating population. This project aims to look into primary utility of bank lending personal loans. As a banking student I feel that the primary objective of the Indian banking sector along with its regulator have to come up with not just unique and innovative approach but with transparent and investor friendly process and regulation.

The project dwells into the classification of personal loans and the criteria of accepting application from a prospective client, purpose being aside aspects of not just professional background but even capability is looked into, to such an extent that if the client does fulfil his terms he can also opt for other products.

Although there are differences in nature and even approach, this particular segment will be closely regulated and pushed by all banks in INDIA.

- One should have a running banking account where salary is being credited regularly. The bank account need not be with the bank where one is applying for a personal loan. However, banks prefer to consider such loans to be given to their own clientele on priority.
- One should have a job of permanent nature as banks would not give a loan to a person without job surety.
- The length of service or employment plays a part in expediting the loan sanction.
- The place of residence should either be owned or rented with a lease agreement.
- Resident proof like voter identity card, passport and Aadhaar card, and identity proof like employment identity card and PAN card have to be produced duly self-attested along with bank application form. At least two photographs of applicant are required.
- While disclosing the purpose of the personal loan is not mandatory, the bank will like you to state some reason (any one of the above or other purposes, which can be vague – for example, meeting unplanned domestic expenses).
- If you already have another loan like car loan or home loan, those deductions will be taken into account to calculate total deductions out of the salary and arrive at the eligible loan amount.
- Your CIBIL score will also play a part in the bank's decision in granting a personal loan.

## **CHAPTER 2**

### **RESEARCH METHODOLOGY**

Research Methodology decides the territory of proposed study and gives information to the readers about adopted process of analysis for the respective study. This also clarifies time, scope, data sources etc. of proposed study. Another significant aspect is tools and techniques which are used for the study. In brief this chapter helps the researcher to decide his path of research work.

#### **>PRIMARY DATA**

##### **(A) SAMPLE FRAME**

30 People are selected living nearby of residence who have good knowledge of subject matter i.e. **current scenario of personal loans in India**. So as to get information related to the research work.

### **(B) QUESTIONNAIRE**

The questionnaire has been prepared and it brings information related with the subject matter which has been written by people who have good information related to the topic.

### **(C) ANALYSIS**

The questionnaire is analyzed and made by the information available in this project in statistical form.

### **>SECONDARY DATA**

Information available on the net as well as information gathered from various people who have knowledge related to *current scenario of personal loans in India* is being analyzed and made available in this project.

## **OBJECTIVES OF STUDY**

- The objective of the study is to gather practical knowledge on personal loans and its operation.
- The study was mainly conducted to understand the concept and different types of personal loans and the eligibility criteria of the customers.
- To give a brief idea about the benefits which can be availed by taking personal loans from banks.

## **SCOPE OF STUDY**

This topic is based on a brief study on personal loans. An exquisite display of information on loans, their History, Importance and different Types Of Personal Loans and its impact on the people has been portrayed. Topics such as CIBIL i.e. Credit Information Bureau of India Limited, their role in loan approval across the country, its evolution, loans eligible for CIBIL

defaulters have been stressed on. The documentation required to apply for personal loans and steps for approval of loans has been detailed.

### **LIMITATIONS OF STUDY**

There is certain limitation which we should we should know before taking personal loan. There are certain rules and regulations which should be followed by the people

The limitations that I faced during this project is that I was supposed to do the survey at proper time and the information was given by the people at their convenient time. There is very less information about personal loans available exclusively in India.

## **CHAPTER 3**

### **REVIEW OF LITERATURE**

A number of studies related to performance of co-operative banking sector in India have been conducted. Here, an attempt is being made to provide an overview of various aspects and issues of this study through the review of existing literature. Some of the main studies selected for review have been discussed below.

**Bhatia (1978)**, in his study titled, “Banking Structure and Performance – A Case Study of the Indian Banking System” attempted to analyze the economic performance

of Indian banking system as reflected by its output, price and profitability during the period 1950-68. He found that profit of the Indian banking system during the said period had an upward trend. The study suggested deregulation of interest rates to enhance the profitability of financial institutions and to ensure a competitive banking environment which would ultimately result in better services.

**Kulkarni (1979)**, in his study titled, “Development Responsibility and Profitability of Banks” stressed upon social responsibilities of banking sector. He was of the view that looking for profit maximization only was not true profitability of banks as social benefits arising out of bank operations cannot be ignored. He observed that while fulfilling the social responsibility, banks should try to make the basic banking business as successful as possible, reduce cost, improve banking system and increase the overall profitability.

**Markand (1979)**, in his book titled, “Social Priority Index of Public Sector Banks” evaluated the performance of public sector banks. With the help of performance index consisting six quantitative indicators such as branch expansion, priority sector credit, 24and wage cost, he concluded that the priority sector financing was essential, and necessary. For better performance in this sector he suggested that lending power should be delegated to the branch managers.

**Kalyankar (1983)** in his study titled, “Wilful Default in Loans of Co-operatives” examined the trends in deposits, share capital, working capital, loans outstanding, advances, overdues and recoveries at the district level financing institutes. Socio economic factors responsible in projecting and promoting future development in the operations and approaches of the co-operative credit organizations were also considered to examine the specific progress made by Central Co-operative Bank of Parbhani District. The study revealed that the cropping intensity, irrigation facility and working capital of the societies were the major factors for explaining overdues at primary agricultural credit societies’ level. The socio-economic factors were not

responsible for increasing overdues at the borrowers' level, but overdues were mainly mounted due to the non-economic factors in case of wilful defaulters.

**Kurulkar (1983)**, in his published work on agricultural finance in backward region, reported glaring defects in the set-up of co-operative credit system. He pointed that out of the ten sample owners who obtained long-term credit from the co-operative banks, 30% could not secure short-term credit. Lack of short-term or production credit to the farmers who availed long-term credit resulted in lower output per acre, thereby resulting in overdues.

**Reddy (1985)**, in his study titled, "Overdues Appraisal and Management in Banking" analysed the relationship between the lending and recovery of an apex bank. His findings suggested that the lending and recovery of the apex bank had not been proportionate, i.e., either the apex bank could not meet the entire credit needs of the primary banks or the latter could not borrow the funds from the apex bank. The primary banks were constituted by people not for co-operative services but for their vested interests. With the help of Coefficient of Variation technique, he proved that there was a wide dispersion in lending followed by recovery. He finally concluded with the help of t-test that the association between lending and recovery was not satisfactory.

**Chopra (1987)**, in her book, studied operational efficiency of some selected public sectors banks. She found the lack of professionalism in banking industry and stressed for the introduction of scientific management practices to enhance profits and profitability of public sector banks. She recommended comprehensive management of costs as well as earning of the banks.

**Devadas (1987)**, in his book titled, "Co-operative Banking and Economic Development" studied the role of Assam Co-operative Apex Bank Ltd. in economy of the State. He found that apart from working as a commercial bank it had to discharge

three other functions, i.e., to finance primary credit societies, to act as banking centre for primary societies, and to undertake supervision of primary societies. He found that bank had not been able to achieve much in these three fields due to lack of adequate support from government of the state.

**Ramachandaran (1992)**, in his paper titled, “Profit Planning as a Management Tool for Profit Maximisation” tried to analyse profitability position of the banks. Increasing emphasis on goals, increase in establishment cost, NPAs, amount locked in sick units, unfavourable deposit mix, compliance to statutory requirements were some reasons, 26 identified by him, for declining profitability. He suggested the following measures to redress the said problem:

- (i) Diversification of business,
- (ii) Interest to be paid by RBI on CRR/SLR balances,
- (iii) Opting utilisation of scarce resources by asset management,
- (iv) Better funds management,
- (v) Management of non-performing advances,
- (vi) Professionalisation of bank management,.

**Balister et al. (1994)** conducted a study of overdues of loans in agriculture to examine the repayment performance of defaulters in three blocks of Agra district in Uttar Pradesh. They found that well-to-do agriculture families accounted for a large share of overdues. They accounted 37 per cent of total defaulters and 57 per cent of total overdues. Total amount of overdues and its relative share also increased during the period of study. Lack of proper supervision over end use of loan was identified a major reason for mis-utilisation of credit which leads to increase in overdues.

## **STUDY OF PERSONAL LOANS**

### **CHAPTER 3.1 LOANS**

### **3.1.1 DEFINITION OF LOAN**

In finance, a **loan** is the lending of money from one individual, organization or entity to another individual, organization or entity. A loan is a debt provided by an entity (organization or individual) to another entity at an interest rate, and evidenced by a promissory note which specifies, among other things, the principal amount of money borrowed, the interest rate the lender is charging, and date of repayment. A loan entails the reallocation of the subject assets for a period of time, between the lender and the borrower.

In a loan, the borrower initially receives or *borrow*s an amount of money, called the *principle*, from the lender, and is obligated to *pay back* or *repay* an equal amount of money to the lender at a later time.

The loan is generally provided at a cost, referred to as interest on the debt, which provides an incentive for the lender to engage in the loan. In a legal loan, each of these obligations and restrictions is enforced by contract, which can also place the borrower under additional restrictions known as loan covenants. Although this article focuses on monetary loans, in practice any material object might be lent.

Acting as a provider of loans is one of the principal tasks for financial institutions such as banks and credit card companies. For other institutions, issuing of debt contracts such as bonds is a typical source of funding.

### **3.1.2 HISTORY OF LOANS**

The concept of loans dates back to the very old ages of the agricultural era, when people had started living in organized societies. However, it developed and became widespread with the use of money. Because of biblical injunctions against usury, the early Christian church forbade the taking of interest. In feudal European society, loans were little needed by the great mass of relatively self-sufficient and non commercial farmers and serfs, but kings, nobles, and members of the church community borrowed heavily for personal expenditures. The role of the moneylender was undertaken back then by merchants and other townsmen, especially the Jews, while various devices were found for circumventing the prohibition of usury.

The development of money lending among the Jews as their almost exclusive occupation began in the twelfth century, and it was probably the consequence of the persecutions during the First Crusade; Jews at this time could not own land or vineyards, so money lending was one of the few occupations open to the Jews as a means of livelihood. In addition, the Catholic Church's prohibition against money lending for Christians provided Jews with a unique opportunity to step into this void in establishing themselves as bankers. The laws regarding pawn-broking also became increasingly more detailed. During the Middle Ages, local rulers prohibited Jews from occupying most professions, so they were pushed into marginal occupations that were considered socially inferior, such as money lending.

Historically, attacks on usury have often been connected with anti-Semitism. Moreover, Judaism has been a more lenient religion with respect to lending than other religions. The Torah and later sections of the Hebrew Bible criticize the taking of interest, but interpretations of the biblical prohibition vary. One common interpretation is that Jews are forbidden to charge interest upon loans made to other Jews but allowed to charge interest on transactions with non-Jews. However, the Hebrew Bible itself gives numerous examples where this prohibition was evaded. Moreover, legislation concerning the Jews recognized the rabbinical law. According to the latter, for instance, a Jew who had advanced money on a stolen article was entitled to recover the amount he had loaned for it, including interest, if he could swear that he did not know it had been stolen.

The United States has an old tradition of lending. Americans have long relied on credit, which, for day-to-day matters, typically took the form of charge accounts with local retailers. In the early years of the United States, when it was primarily an agrarian society, income for many people rested upon when the crops were harvested and sold. Credit and charge accounts, rather than the more structured repayment of an instalment purchase, were more individual in nature, relying heavily on the personal relationship between the consumer and the retailer. Credit cards and other more modern and impersonal means of credit and charge-account purchasing became a fixture in the consumer-retailer relationship in the 1950s. However, even today the traditional, more personal and informal types of charge accounts do exist. Without extending some sort of credit to customers, many businesses in the past simply would not have been able to operate. Today's modern means, the credit card, has greatly reduced the degree to which individual retailers personally extend credit to

consumers. However, credit itself remains as essential to the retail economy as it has ever been.

### **3.1.3 IMPORTANCE OF LOANS**

This is the survival unit of the *bank* because until and unless the success of this department is attained, the survival is a question to every bank. If this section does not properly work the bank itself may become bankrupt. This is important because this is the earning unit of the bank. *Banks* are accepting deposits from the *depositors* in condition of providing interest to them as well as safe keeping their interest. Now the question may gradually arise how the bank will provide interest to the clients and the simple answer is – *Loans & Advance*.

Credit is continuous process. Recovery of one *credit* gives rise to another credit. In this process of revolving of funds, bank earns income in the form of interest. A bank can invest its fund in many ways. Bank makes loans and advances to traders, businessmen, and industrialists. Moreover nature of credit may differ in terms of security requirement, disbursement provision, terms and conditions etc. The bankers have to keep in mind that lending is for the best interest of the community and lending should be directed to productive sectors only.

### **3.1.4 Different types of Loans in India-When to use them?**

Currently in India we have different types of loans available ranging from personal loans to marriage loans. But when to use which loan is a smart way of managing your money. Hence first let us look at different type of loans available.

**1) Home Loan**-Home loan as name suggest is the loan against buying property. Every individual currently have dreams to have their own home. To make affordable best option is home loan. Again their are sub-categories of home loans which are as below.

- Home loan for residents
- Loans for repairs and extension
- Land purchase loan

- Top-up loans
- Loan for Earnest Money Deposits (EMD)
- Reverse Mortgage Loans
- Loan against property

**2) Personal Loan-**It is the loan granted to fulfil your expenses which ranges from buying some expensive electronic gadgets to booking your air tickets .Yes people used to use this facility for anything they can. They forget that usually rate of interest on such loans will be higher than other types of loans. But still to have something in advance end up them to borrower of such type of loans. Here we may find two types of loans

- Secured Loans-Where you provide some collateral as a safety against loans.
- Unsecured Loans-In such type of loans borrower collateral not required

**3) Car Loan or Vehicle Loan-**This is usually used to meet your financial requirement when one is planning to have his dream car or bike. It is usually a secured loan where collateral is your vehicle and in case of default lender may recover it by taking back your vehicle. But some lenders offer unsecured loans where your credit score matters more.

**4) Education Loan-**This is actually a handy tool for parents who not planned well for their kid's higher education. For a detailed view on this visit my earlier post "Know all about Education Loan features".

**5) Gold Loan-**This was one of the easiest and fastest way of loan when gold rate was at its peak. But currently lot of lenders may not feel it better collateral due to falling in gold price, especially gold loan companies. Recently RBI banned any gold loans against gold ETFs and gold mutual funds. Even though it forms easiest and fastest way of getting loan but better to look for risks involved in it, especially when you are dealing with NBFCs.

**6) Loan against Insurance Policies-**You can use your insurance investment as either collateral or take loan from insurer itself if that policy is eligible for loan. Usually loans will be available after 3 years of policy period. You will get loan easily on your policy from insurer. But other method to take loan is to pledge your policy document with banks and take loan on that. LIC will offer you loan on your policy with the interest rate of 10%, which I think competitive pricing compare to other type of loans.

**7) Loan against Bank FDs-**This is one form of loan where your collateral is your bank FD itself. Suppose you have bank FD of around Rs.10,00,000 then you are usually eligible to get loan up to Rs.8,00,000. But interest rate will 1-2% higher than your FD rate. But still this form of loan is also fastest and best way.

**8) Loan from PPF or EPF-**You can avail loan from PPF when one satisfies certain conditions. For detailed view on the same visit my old post "PPF-Loan and Withdrawal". You can avail loan from EPF too. But you can avail loan from EPF only for special purposes like purchase

of plot, medical treatment, education or marriage of children, construction or purchase of house, re-payment of home loan, renovation of home or pre-retirement. But all are not eligible to take loans. There are certain conditions like minimum years of completion, age or proof you need to produce. So it seems bit lengthy procedure

**9) Loan against Shares or Mutual Funds**-Few lenders offer loan against your investment value of shares or mutual funds. But you will not get more value from this. Reason is, both the investments (if mutual fund is of equity oriented) then fluctuation in values will be high. Hence to protect their loan amount usually lenders offer less loan.

**10) Loan from unrecognized sector**-This is one of the easiest but costliest way of fulfilling your financial dream. Usually interest rate will be in the range of 20%-30% but you can get it immediately. Such type of loans are useful who are running out of time and not have any source also to fund their financial requirements. But looking at this option is costly affair. Hence it is highly advisable to avoid such funding.

## **CHAPTER 3.2**

### **PERSONAL LOAN IN INDIA**

#### **3.2.1 INTRODUCTION**

Many times people would have experienced financial crisis. During such events they would have borrowed money from their neighbour or acquaintance. These kinds of loans which are available in banks and other financial institution are known as personal loans. A personal loan is a short-term loan to assist you with your finances. This payday loan is secured against a future pay check. These loans have become quite popular, and now this is the main way to get financial assistance in the form of a cash advance. Personal loans are tricky- you never can quite make out whether it is absolutely necessary or if it is just a luxury you will be paying back for the next few years. That new computer or that credit card outstanding, or the house refurnishing...the need for personal. Advanced personal loan is your first stop for all your personal loan needs. We are established, safe, secure, quick, and customer service oriented. When you are looking for that perfect personal loan think of Advanced Personal Loans is never ending.

A personal loan can be a secured or unsecured one depending upon the company's practices, credit history etc.

## **Personal loan**

A personal loan is a sum of money that an adult person borrows to meet his financial needs and requirements. An individual can take an easy personal loan or a guaranteed personal loan for a variety of reasons. Loans for personal debt help provide funds to purchase that dream boat or car, pay for mortgage arrears or home improvement requirements. In fact personal loans help meet most of the financial emergencies that an individual can think of.

Financial institutions that would help provide with easy personal loans or Personal loans are often the most preferred type of loan on account of their flexibility. The two most common types of personal loans are

*:Secured Loans and Unsecured Loans.*

Both these options are linked to the choice that one can use any fixed asset to serve as collateral to secure an easy personal loan.



## **Who Will Help Provide Personal Loans and How?**

There are many banks and guaranteed personal loans .As all of them would have their own sets of terms and conditions by which they abide, it would be smart to consult with as many lending institutions before arriving at a decision of personal loan. Talk to them about the financial requirements. Check the quotes that they give .Once the formalities of taking a loan is completed, the banks would give a lump sum of money. This could be repaid over a period of time. The longer the period of repayment, the lesser the interest rate. The lenders have a duty to inform the borrowers of the rate of interest that they would be charging .Be sure to investigate whether the rate of interest charged is fixed or floating. Check with the banks also about any other prepayment penalties, and other costs incurred for securing a loan.

### **3.2.2 How to apply for a personal loan**

#### **Step 1: Enquiry with a financier:**

The first step is to get in touch with a lender. It is required to get in touch with as many lenders as possible and get them to make loan offers. Then negotiate with them to get the best interest rate. Check if there are any special offers. After getting all the banks to make their offers, select the lender based on the information given

#### **Step 2: Documents Collection**

After finalizing the lender, the lender's direct selling agent will visit and collect documents supporting proof of income, residence proof, and identity. It may be required to produce copies of IT returns, salary slips, bank statements, ration card, passport, driving licence, and other relevant documents. These requirements vary from lender to lender.

#### **Step 3: Field Investigation Agency Representative Visit**

After submitting the documents, a field investigator will visit home to double check the facts provided in the documents, such as the place of residence, tenure at work place and so on. It is essential to be present during this visit; otherwise the investigator could report that the facts provided do not actually add up, thus forcing the lender to reject the loan application

#### **Step 4: Loan approved**

Once the lender is satisfied with the veracity of the documents provided, the loan is approved. The lender then disburses the amount through cheques or demand drafts (DD)

### **3.2.3 Documentation**

Compared to other types of loans, personal loans requires to produce the least number of documents. The necessary documents required can be classified into three: documents supporting identity, residence and income.

#### **Identity Proof:**

A copy of any of passport or driving license, voters ID, PAN card, credit card with photograph, or employee ID card with photograph. Any one of the above documents with photograph is proof that he is the same person as profess to be.

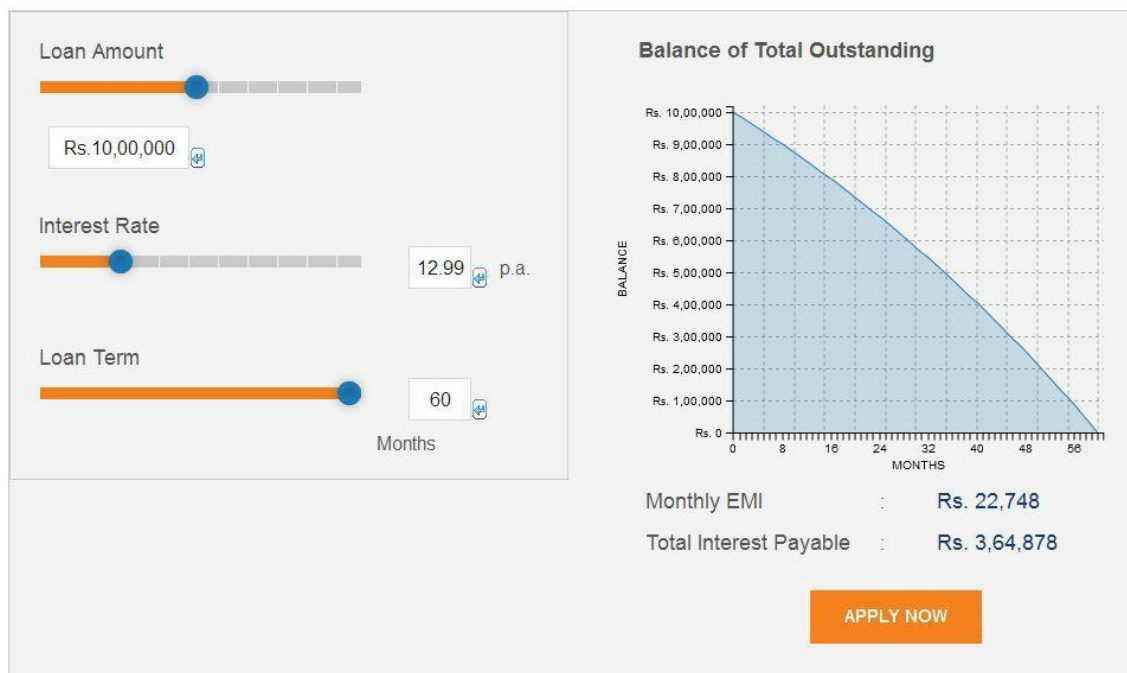
#### **Proof of Residence:**

A copy of passport, ration card, or voters ID if he reside at the same place as entered in the above-mentioned documents. If he is staying as a tenant on rent, in a place different from where he have been issued the ration card, passport, or voters ID, he can produce utility bills (electricity or telephone) of the place as proof of residence.

### Income proof:

The proof of income for salaried individuals differs from that of self-employed individuals. Salaried people need to submit their latest salary slip, form 16 for the last financial year, and their bank statement for the last 6 months. Self-employed people need to provide their IT returns for the last 2years, balance sheet, and profit & loss account as proof of income.

## Personal Loan EMI Calculator



### **Box 1: Mandatory 30-Day Loan Disbursal Time**

The Reserve Bank of India (RBI) has come down heavily on commercial banks for causing inordinate delays in conveying their credit decisions/credit disbursal. In its latest notification dated 1 September 2014, all banks have been asked to carry out due diligence before arriving at credit decisions to ensure timely and adequate availability of credit. RBI has said that banks must put in place loan disbursal timelines within 30 days of the RBI circular. Banks are also expected to make suitable disclosures on the timelines for conveying credit decisions through their websites, notice boards, product literature, etc. Leading bankers have opined that this move could push banks to cut procedural delays. They say that individual banks already have their own internal guidelines and timelines for disposal of small loans. A centralized system as suggested by RBI will help in speeding up matters. Under the RBI guidelines on Fair Practices Code for lenders, it has been stipulated that the time frame for disposal of loan application up to Rs 200,000 should be indicated at the time of accepting the loan

Application.

### **3.2.4 Exponential Growth of Online Personal Loans Threatens Credit Card Profits**

Long before credit cards were invented, personal loans offered consumers relatively easy access to short term credit. A personal loan is an incredibly simple product. You borrow a fixed amount of money for a fixed period of time. It is easy to compare prices between different loans, because you are just comparing the interest rate and the fees. Returns on this product were never very exciting for banks, because the product is simple and transparent.

And then the credit card was invented. At first, it was created to help make payments easier. However, banks very quickly recognized four important facts about a credit card:

1. People tend to spend more money when they use plastic. Countless studies have shown this. During my career in banking, I witnessed this phenomenon all the time. And a famous study in 2001 showed that people were willing to spend “up to twice as much for the same item when paying with a credit card.”

- 2 When people apply for a credit card, they rarely consider the interest rate. Because credit cards are marketed as spending tools, consumers rarely think about what will happen if they are unable to pay off the balance in full every month. Credit card companies understand that consumers are not interest rate sensitive. As a result, the interest rates are high. Basic credit cards typically have interest rates that are higher than 13%, and can be as high as 29% if you miss a payment. And store credit cards usually charge much more, regardless of your credit score.

3. Because people spend more, they are often unable to pay the statement balance in full every month. I conducted a nationwide study last year, and nearly 40% of Americans with credit cards admitted that they would be unable to pay their statement balance in full this month. Even if you pay just \$1 less than the statement balance, you will be charged interest on the average daily balance during the entire billing period.

4. If you offer a minimum monthly payment that only covers 1% of the balance, many people will pay only the minimum due. By only paying the minimum due, it could take 30 years to pay off the debt. Banks love the long amortization curve of a credit card balance. Many borrowers reach a point where their balance never goes down. They make a small payment,

but also make purchases in the month on the card, giving the bank a very healthy revenue stream.

Because people were willing to build up balances on credit cards without worrying about interest rates, credit cards became (and remain) incredibly profitable for banks. In a world where universal banks are struggling to generate a double-digit Return on Equity, credit card businesses are regularly generating returns above 20%. As a result, many banks have discontinued their personal loan businesses entirely, and steer all consumer borrowing needs to credit cards.

But in the last few years, a new crop of startups, mostly in California, have recognized that the borrowers are not getting a good deal. According to the Federal Reserve, there is now \$885 billion of outstanding revolving debt. These startups want people to refinance their credit card debt from high, double-digit interest rates to much better rates.

The personal loan companies have a simple plan. First, they have created a low-cost operating model. These are digital businesses that have redesigned and automated much of the lending and customer service model.

Second, most of these businesses are creating marketplaces. The goal of these marketplaces is to connect borrowers with investors. The lending companies make money on the origination and the servicing. As a result, they are able to find an equilibrium price that offers a much higher return for the investors, and a much lower interest rate for the borrowers. For example, Lending Club claims to reduce the average interest rate of a credit card refinance by 31%.

Loan amount = Rs1 lakh. Tenure = 4 years

Lender	Interest Rate (%)	EMI (Rs)	Processing fee
UCO Bank	10.6-12.6	2,565-2,663	Up to <b>1%</b> of loan amount (minimum <b>Rs750</b> )
Bank of India	10.8-13.8	2,575-2,723	One-time: <b>2%</b> of loan. Maximum <b>Rs10,000</b> . Nil for senior citizens
State Bank of India	10.9-16.7	2,580-2,870	Up to <b>3%</b> of loan
Citi Bank	10.99-13.99	2,584-2,732	Up to <b>2%</b> of the loan amount
Kotak Mahindra Bank	10.99-24.0	2,584-3,260	Up to <b>2.5%</b> of the loan amount
Punjab National Bank	11.1-14.85	2,589-2,775	Up to <b>1.80%</b> of loan amount
Central Bank	11.2-12.45	2,594-2,656	Up to <b>Rs500</b> per proposal
Allahabad Bank	11.75-12.75	2,621-2,670	Up to <b>1.22%</b> of loan
Karnataka Bank	12.55-14.0	2,660-2,733	NA
Bank of Maharashtra	12.65	2,665	<b>1.00%</b> of the loan amount (minimum <b>Rs1,000</b> )
Corporation Bank	12.75-13.75	2,670-2,720	<b>1.5%</b> . Minimum of <b>Rs500</b>
United Bank of India	13.25-14.2	2,695-2,743	Up to <b>1.18%</b> of the loan amount sanctioned
Bajaj FinServ	13.99% onwards	>2,732	<b>2.25-3%</b> of the loan amount
HDFC Bank	15.0-20.99	2,793-3,096	Up to <b>2.50%</b> of loan ( <b>Rs1,999</b> to <b>Rs25,000</b> for salaried customers)

Data is as of 12 April 2018 on bank websites. The EMI range is indicative and calculated on the basis of interest rate range. In an actual situation it may include other fees and charges. The interest rates are for salaried individuals and pensioners for unsecured personal loan. Actual applicable interest rate may vary based on the credit profile, loan amount, tenure, company you work for and as per bank's discretion. Source: Bankbazaar.com

### **3.2.5 Personal Loans Includes:**

#### **•Secured Personal Loan**

A secured personal loan is that type of loan which is secured against any property of the borrower. The interest charged on secured personal loan is low because of the guarantee of collateral. The lender is assured of their payments and takes very little risk while providing such a loan. The monthly instalments are small and the repayment is long depending upon your choice as well as the amount of loan

#### **•Unsecured Personal Loan**

Unsecured personal Loan doesn't involve any collateral. It comes with high interest rates. This is because there is no involvement of collateral and the lender takes high risk while providing such loans. The monthly instalments are bigger and the repayment term is shorter. But it has its own advantages too. Unsecured personal loans don't involve any risk of repossession act by the lender.

#### **•Bad Credit Personal Loan**

If you have bad credit history, you can avail bad credit personal loan. If you have defaults, arrears, missed payments or County court judgments against you then you will face difficulties in getting the loan. It has higher interest rate.

### •Guaranteed Personal Loan

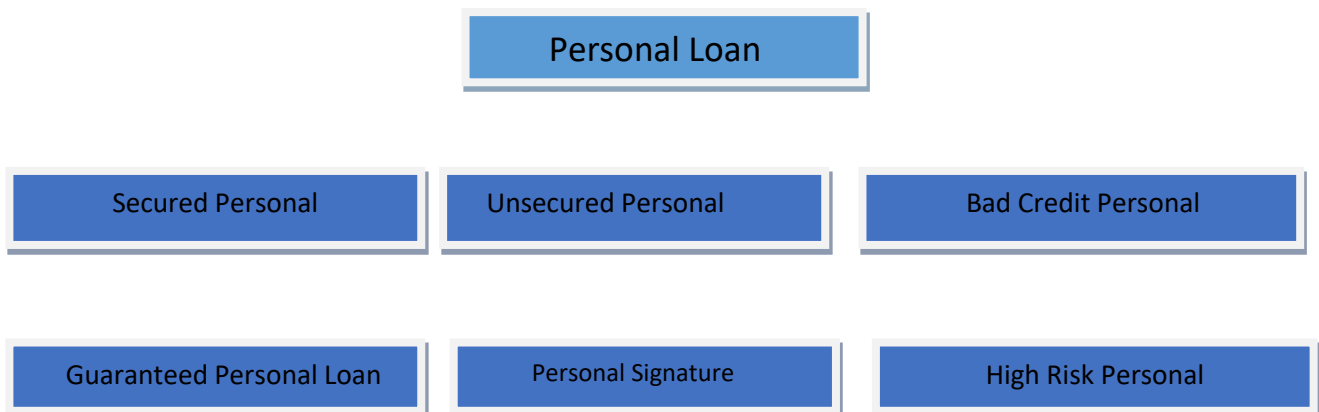
Some loan lenders promise a guaranteed loan amount depending upon certain terms and conditions.

### •Personal Signature Loan

These are unsecured loans which require just a signature of the borrower and they have shorter loan amount period.

### •High Risk Personal Loan

If the borrower has bad credit history and do not have anything to offer as collateral, than lender may have second thoughts about the borrower as lending to such a borrower could be highly risk.



## **3.2.6 ADVANTAGES AND DISADVANTAGES OF PERSONAL LOANS**

### **(A) ADVANTAGES OF PERSONAL LOANS**

**Easily Available** – Getting a personal loan is not a tough task. Personal loans are offered at reasonable interest rates by almost all banks and financial institutions. It is easy and convenient to get these loans in comparison to other types of loans..

**No Agent or Middleman Involved** – In order to get a personal loan you do not have to approach a middle man or an agent. This avoids unnecessary delays and expenses. You can directly approach the bank or financial institution for the purpose.

**Unsecured Loan** – As stated earlier, personal loan is an unsecured loan. There is no collateral security required in order to get this loan. All that is required is your ability to pay back the money. You are not required to mortgage any of your assets or provide for any kind of guarantee. Once the lending institution becomes sure of your re-payment ability, they process the loan.

**Less Processing Time** – As personal loans are available without any security or guarantee the processing time involved in getting it is also very less.

## **(B) DISADVANTAGES OF PERSONAL LOANS**

**Qualification Criteria** - You need to qualify for a personal loan as per the guidelines of the bank and once you do that there is no delay. The guidelines vary from one bank to the other and the lenders do observe strict guidelines in this case as there is no collateral security.

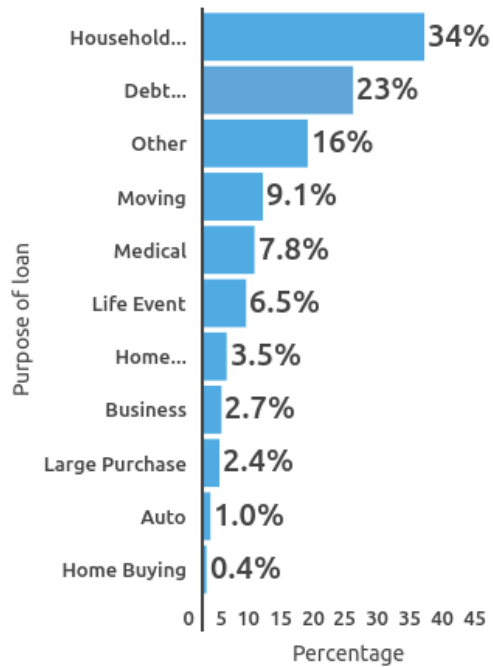
**Credit History** – It is mandatory for you to have a good credit history when you apply for a personal loan or else your application may get rejected. No lender would want a bad debt for the amount he lends. So prior to applying for your personal loan make sure you have a good credit history without any default in payments. It is advisable to apply for a personal loan with the bank in which you have an account or with which you share good rapport. Applying for a personal loan with a new bank or financial institution may result in more paperwork as they may call for detailed documentation and references for verification.

**Bank Account** – It is mandatory for you to have a bank account if you wish to avail a personal loan. Not necessarily with the bank you are applying for.

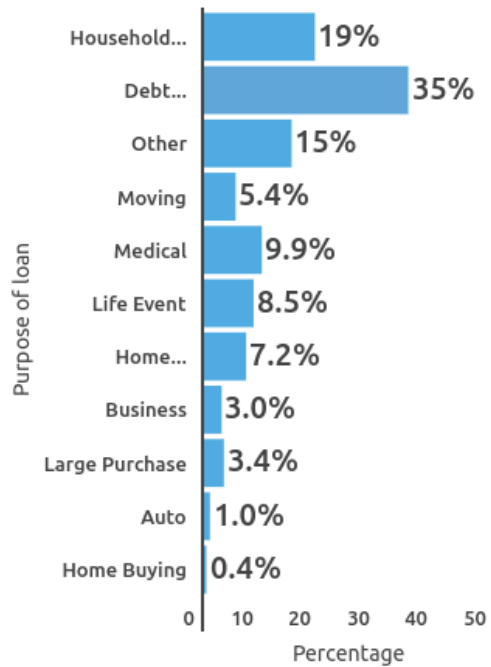
**Lender's Risk** – As it is an unsecured loan, the risk is quite high for the lender because there is no collateral security or guarantee with them. If the borrower defaults payments then recovery of these loans prove to be very expensive and tedious.

If you are the one who owns a good credit history and have means to repay the amount borrowed with interest then you can easily get a personal loan for any purpose you require. If you do a bit of research you may be able to strike the best deal in terms of interest rates while you apply for your personal loan.

## Reasons consumers apply for personal loans



## Approved applications by loan reason



Source: SuperMoney



STUDENT LOANS AMOUNT AND NUMBER OF STUDENTS IN DIFFERENT STATES OF INDIA

# STUDENT LOANS

STATE	AMOUNT*	NUMBER
Tamil Nadu	16,380.97	956,100
Kerala	10,487.89	403,335
UP	6,697.64	224,054
Karnataka	5,056.44	229,834
Maharashtra	4,906.66	190,040
Andhra Pradesh	3,068.00	139,663
Bihar	3,053.85	108,173
Telangana	2,828.87	82,149
<b>TOTAL</b>	<b>70,475.25</b>	<b>30,00,169</b>
PSU banks	61,176.97	25,83,512

\*In Rs crore

Source: DFS, Ministry of Finance

## CHAPTER 3.3

### CREDIT INFORMATION BUREAU OF INDIA LTD.(CIBIL)

Trans Union CIBIL Limited (Formerly: Credit Information Bureau (India) Limited) is a Credit Information Company (CIC) founded in August 2000. Post Inception, they have come to play a critical role in India's financial system. Whether it is to help loan providers manage their business or help consumers secure credit faster and at better terms, the use of CIBIL's products have led to a massive change in the way the credit life cycle is managed by both loan providers and consumers.

#### **3.3.1 So what exactly do they do?**



CIBIL collects and maintains records of an individual's payments pertaining to loans and credit cards. These records are submitted to CIBIL by banks and other lenders, on a monthly basis. This information is then used to create Credit Information Reports (CIR) and credit scores which are provided to lenders in order to help evaluate and approve loan applications.

### **3.3.2 What is their role in the Loan Approval Process?**

CIBIL's products, especially the CIBIL Score and the CIR are very important in the loan approval process. The credit score helps loan providers quickly determine, who they would like to evaluate further to provide credit. The CIBIL Score ranges from 300 to 900. Their data indicates that loan providers prefer credit scores which are greater than 750.

Once the loan provider has decided which set of loan applicants to evaluate, it analyzes the CIR in order to determine the applicant's eligibility. Eligibility basically means the applicant's ability to take additional debt and repay additional outflows given their current commitments.

Post completion of these first 2 steps the loan provider will request for the applicant's income proof and other relevant documents in order to finally sanction the loan.

#### **What this means for people as an individual?**

Since, the credit score and CIR not only helps loan providers identify consumers who are likely to be able to pay back their loans, but also helps them to do this more quickly and economically. This translates into faster loan approvals.

Until recently, there was little visibility and transparency with regards to the loan approval process and the elements that loan providers used to evaluate their loan application. Since, CIBIL has made their credit score and CIR available to them, they will be able to see how valuable a customer they are to loan providers.

In alignment with our creed, CIBIL empowers both loan providers and individuals to see their world more clearly and hence, take better and more informed decisions.

## **5 government-backed loan schemes for unemployed youth in India:**

While it is difficult for any unemployed youth to secure a loan, there are many schemes launched by the centre and state governments to support such individuals. Having said that, here are some of the schemes under which unemployed youth can avail.

It is probably impossible for unemployed youth in the country to secure a loan from a private financial institution. Worth mentioning that there are a lot of factors that come into play when banks or any other NBFC has to sanction a loan. From documents guaranteeing security to credit score, banks investigate a lot of aspects before handing out a loan. However, the government has come up with a lot of schemes to support individuals who want to kickstart their career or use it for any other purpose.

All the schemes have been rolled out by the government to support unemployed youth in the country and reduce poverty. Having said that, here are some government-backed loan schemes for unemployed youth in India:

**Prime Minister Rozgar Yojana:** This is one of the many schemes that has been set up by the government for helping unemployed youth secure loans. Under the scheme, the government of India offers loans to unemployed to kickstart their own ventures and anyone who has received education till standard 8 is applicable to apply for loans under the scheme. It may be noted that the loan is of composite nature and individuals can avail a loan of up to Rs 5 lakh for setting up their venture. Also, only those between the age gap of 18-35, who are unemployed, can apply for the loan. However, in the case, the income of the beneficiary along with the income of his/her parents should not exceed Rs one lakh per annum.

**Loan subsidy scheme:** While it is not available across all states, the Tamil Nadu government has a nifty scheme for unemployed, under which the 25 per cent of the loan amount will be subsidized by the state government. Under the NEEDS scheme or the New Entrepreneur and Enterprise Development Scheme, the state government provides 25 per cent subsidy for any loan taken by unemployed youths who are graduates.

**Cash loans:** Similar to the NEEDs scheme, this is also a state-funded initiative and has been kickstarted by the government of West Bengal. Under the scheme, an unemployed person can apply for a loan of Rs 50,000 under the scheme. Like all the above measures, this has been started to help unemployed individuals kick off their business ventures. Any individuals belonging to the 18-45 age group can apply and avail the loan.

**Agriculture loan:** This is a very useful scheme for those unemployed individuals engaged in the agricultural sector. It is worth mentioning that the government has collaborated with many banks and financial institutions to provide agricultural loans to unemployed youths in the country. An unemployed agricultural sector graduate, aged 22 or above, can apply for the loan under the scheme.

**Secured loans for unemployed:** This is another way unemployed people in the country can get secured loans. However, in this process, the individual will have to pledge some asset to the lender for the loan to be sanctioned. Here, the loan amount will depend directly on the value of the asset.

## **1. The Credit Guarantee Scheme (CGS)**

The credit guarantee scheme for micro and small enterprises was launched by the government of India, to make available collateral free credit to the micro and small enterprises sector. Both the new and the existing enterprises are covered under this scheme. This scheme helps micro enterprises and first generation entrepreneurs, avail small business loans at a reasonable interest rates. The amount of loan given to any applicant, depends on the

individual's eligibility and feasibility of the business. The maximum limit however is Rs 100 lakhs. The scheme also caters to strengthen and rehabilitate existing sick units.

With SIDBI (Small Industries Development Bank of India) as its partner, the Government of India is running this scheme (CGS), which gives unsecured loans to Micro and Small Enterprises. A maximum of Rs 100 Lakhs can be borrowed in the form of Term Loans or Working Capital Loans.

Both new and existing Micro and Small Enterprises engaged in manufacturing or service activities except in Educational Institutions, Agriculture, Self Help Groups (SHGs) and Training Institutions can avail these loans.

## **2. MUDRA Loan Scheme**

The purpose of the MUDRA (Micro Units Development and Refinance Agency Ltd) scheme, is to provide adequate funds to the micro units and the non corporate small business sector. The government has identified the lack of substantial funds required for the growth of the small and medium scale business in the country. The scheme has been designed keeping in mind the stage of growth and funding requirements of the beneficiary micro units and so is categorized under three stages. They are:

Banks facilitate loans under the MUDRA scheme as per customer requirements. The loans under this scheme are collateral free loans.

Micro Units Development and Refinance Agency Ltd. also known as MUDRA, is an agency launched by the Government of India. It funds non-corporate small business sectors in the country. The loans under MUDRA are granted for non-farm income-generating activities.

You can avail the following loans under MUDRA:

- Shishu: These are loans up to Rs 50,000 with no collateral, @1% rate of interest/month, repayable over a period of 5 years.
- Kishor: These are loans above Rs 50,000 and up to Rs 5 Lakhs.
- Tarun: These are loans above Rs 5 Lakhs and up to Rs 10 Lakhs.

These loans are designed based on the stage of business and funding needs of the beneficiary.

SEE ALSO: How Pradhan Mantri Mudra Yojana Helps Women?

## **3. Stand Up India Scheme**

Stand-Up India Scheme Facilitates bank loans between Rs 10 Lakhs and 1 Crore, to at least one Scheduled Caste (SC) or Scheduled Tribe (ST) borrower for setting up a greenfield enterprise. This enterprise may be in manufacturing, services or the trading sector. The loans are granted to at least one woman borrower per bank branch. The scheme aims at promoting woman entrepreneurship among the scheduled castes and scheduled tribes.

Stand Up India is a special government scheme which aims to financially empower SC/ST and women entrepreneurs of the country. It also aims to get rid of License Raj and set up Greenfield enterprises. An amount ranging from Rs 10 Lakhs to Rs 1 Crore can be borrowed to start a manufacturing, trading or service unit. The loan tenure is 7 years. These loans are to be granted to at least one SC or ST and at least one woman borrower per bank branch.

#### **4. Bank Credit Facilitation Scheme**

This scheme was started by National Small Industries Corporation (NSIC), to fund MSMEs registered in India. NSIC has partnered with various nationalized and private sector banks and arranges credit support from banks at no cost to the MSMEs. The credit repayment tenure depends on the income generated. It varies from 5-7 years and can go up to 11 years in exceptional cases.

#### **5. Coir Udyami Yojana**

Headed by the Coir Board, this scheme aims to set up coir units across India. It funds project costs up to Rs 10 Lakh and one cycle of working capital. The total funds lent should not exceed 25% of the project cost. The capital expenditure is financed through a term loan and working capital in cash credit (short term cash loan). The rate of interest will be at par with the base rate. Repayment is to be made within 7 years.

#### **6. Market Development Assistance Scheme for MSMEs:**

This is a scheme that facilitates and helps the micro, small and medium enterprises gain exposure by participating in international exhibitions and trade fairs under the MSME India kiosk. The scheme is aimed at displaying the potential as well as strengthening the small and medium manufacturing units.

#### **7. National Bank for Agriculture and Rural Development (NABARD):**

NABARD is a development bank that aims to provide and regulate credit and other facilities that helps to promote and develop agriculture, cottage and small industries, handicrafts and village industries. NABARD is entrusted with providing refinance to lending institutions in rural areas. It acts as a facilitator for rural prosperity promoting institutional development by evaluating, monitoring and inspecting the client banks.

#### **How to apply for government loan?**

The borrowers are required to carry out the necessary paperwork and submit the necessary documents to avail these loans. As these schemes are backed by the government, some of the loans are collateral free. Listed below are a few things to check before applying for the loan:

1. **Personal background:** details of your background are checked. Crimes committed can disqualify the applicant or delay the process of sanctioning the loan
2. **Resume or business background:** details of the business and the applicants experience in growing the business will be asked for.
3. **Business plan:** the applicant needs to write a well thought business plan in the loan application.

4. **Personal and business tax returns:** applicant must submit personal and business tax returns for the past 3 years.
5. **Financial statement:** applicant must submit the profit and loss statements, bank statements, balance sheets, and cash flow forecasts.
6. **Legal documents:** applicant must provide proof that the business is run legally.
7. **Collateral (if required):** Collateral will strengthen your profile and may help you get a bigger amount of loan.

### **Startup India registration:**

To apply for startup India loans follow the below steps:

1. Log on to startup India portal
2. Enter your legal entity
3. Enter your business registration number
4. Enter the registration date
5. Enter your PAN number
6. Enter the address, pin code and state
7. Enter details of authorized representatives
8. Enter the details of partners
9. Upload the required document by self attestation
10. File the registration certificate of the company

### **Startup business loan eligibility:**

Startup India Scheme is an initiative of the Indian government, the primary objective of which is the promotion of startups, generation of employment, and wealth creation. The eligibility criteria of startup India are as follows:

1. It should be a new firm or not older than 5 years. The total turnover of the firm should not exceed Rs 25 crores.
2. The company must be a private limited company or a limited liability partnership (LLPs).
3. To get approval from DIPP, the firm should be funded by an Incubation fund, Angel Fund or Private Equity Fund.
4. The firm should have obtained a patron guarantee from the Indian patent and trademark office.
5. The firm must have a letter by incubation.
6. The firm must provide innovative scheme and products
7. The firms should have obtained the approval from the Department of Industrial Policy and Promotion (DIPP).
8. Angel fund, Incubation fund, Accelerators, Private Equity Fund, Angel network must be registered with SEBI.

### **Startup business loan interest rate:**

The rates of interest and tenure of repayment vary across banks. However, the interest rate ranges from 10.99% to 21% a year. A processing fee is also charged, on the amount borrowed. The tenure of repayment of the loan is up to 5 years.

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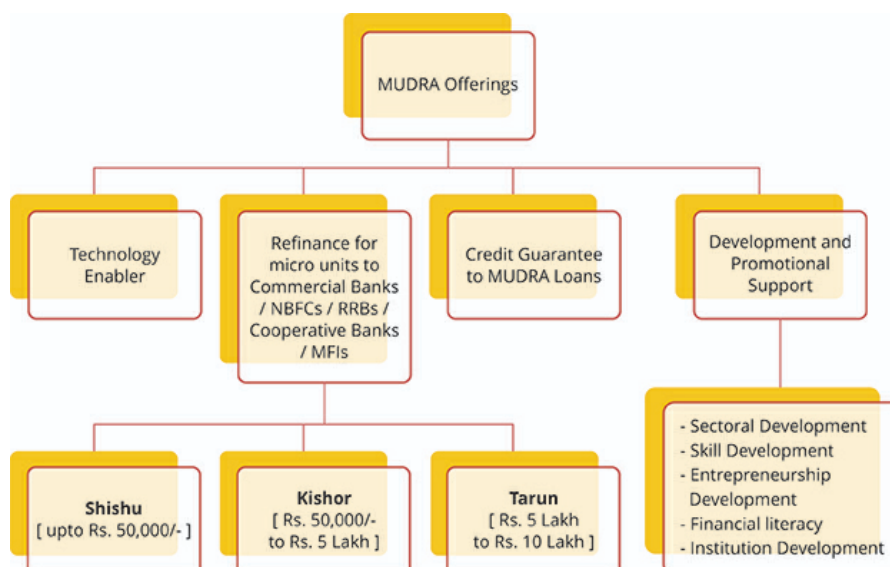
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### **3.3.3 EVOLUTION OF CIBIL**

- Nov 1999: Report submitted by Siddiqui Committee for setting up India's first Credit Information Bureau
- Aug 2000: CIBIL was Incorporated basis the recommendations made by the Siddiqui Committee
- Apr 2004: Launch of Credit Bureau services in India (Consumer Bureau)
- May 2006: Commenced Commercial Bureau operations
- Nov 2007: CIBIL Score introduced to Banks
- Jul 2010: Launched CIBIL Detect- India's first repository for information on high-risk activity
- Sep 2010: Launched the first centralized database on Mortgages in India- CIBIL Mortgage Check
- Apr 2011: CIBIL Score made available to individuals

### **3.4 Personal Loan For CIBIL Defaulters**

The average personal loan disbursement is 15 to 20 % of all banks. Some bank have 10% some bank have 15% some have 20%, that's maximum. what does that mean ? It simply means that, if 100 people apply for personal loan, only 15 to 20 people will get loan amount disbursed into their account. Rest all will be rejected due to some or other reason. So if you want to be one of the 15 to 20 people then you have to have all your original documents in place. All good track record of paying loan or credit card. And good CIBIL score, if one of them is missing, then more chances are that your loan will get rejected, Personal loans for CIBIL defaulters in Mumbai, is very hard to get sanctioned. Here is where you need a person, who will help you get your loan sanctioned, So this is where we specialize. We are experts in it. We know the knack of getting loans approved. How to get your loan done. You leave it to us. You just submit the documents to us and relax, we will work on your case and get it done.

### **3.3.5 Home Loan For CIBIL Defaulters**

CIBIL score goes down automatically when you do late payment of any Emi or default any type of loan or credit card. When this happens no bank will provide loan to customer who has such bad track of repayment. Bank look for the customers who has good track record of paying loan.

Would you lend your money to your friend, who doesn't gives it back to you on time or dumps your money, Even after continuous follow up? Answer would be obviously NO. Same is with the bank, they don't want to lend their money to people who don't pay them back on time or would dump their money and run after them for their own money. they check CIBIL record. To see whether this person has the intention of paying it back and capability of paying it.

### **3.3.6 Mortgage Loan for CIBIL Defaulters**

If any customer has done this mistake of bouncing their Emi due to some financial problems or any other disputes it helps them to get all types of loan. Not every CIBIL case can be done, but it manage to get cases done,

They specialize in doing loan for people who have bad CIBIL history. They can provide you with many examples or references of people who had bad CIBIL records and were not getting loan from any bank. It helped them to get loan.

They provide all types of loan such as Personal loans for CIBIL defaulters and Home loan for CIBIL defaulters and Mortgage Loan for CIBIL defaulters or people who have bad credit history. For credit card or any other loan. They are running DSA of multiple banks. they do loan from multiple banks, NBFC, Cooperative bank etc. They too charge for doing loan. But they charge only after the loan has been sanctioned by bank. Not a single rupee before that.

### **3.3.7 Personal Loan by Private Finance In Mumbai**

They Provide personal loan to CIBIL defaulters by private finance in Mumbai. They don't check for CIBIL scores. They just check for repaying capacity of the person, as its unsecured loan, the interest rate is quite high than the banks in the market. Private finance is the only option available to the person who have low CIBIL score and can't get loan from any bank or financial institution. Loans provided by private finance are for short term.

Maximum 1 year tenure, so the EMI would be much higher than the regular bank EMI. Don't even try to compare private finance EMI with bank. As it would be much higher.

### **3.3.8 And When Is The Loan Rejected?**

#### Poor Credit Score

Most banks and other financial institutions have voluntarily joined the credit information agency called Credit Information Bureau of India Limited (CIBIL), wherein they share their credit details that include information on all borrowers' present/previous loan transactions (even though they are closed and there is no outstanding with the bank). Banks forward their own internal credit report on a customer's credit performance and CIBIL then awards marks based on that assessment (anything between 300 and 900 marks). CIBIL uploads the same on their website. The information is required to be updated (additions/deletions) at regular intervals by the banks who are admitted as members of CIBIL. Banks invariably call for CIBIL report as soon as you apply for a loan.

#### Past Default

Banks draw up a list of their own defaulters and upload in their computer systems for any branch to look into and verify the past record of a loan seeker.

This is in addition to the CIBIL report that contains credit information on the loan seeker with other banks.

#### Loan Guarantor

You may have stood as personal surety by guaranteeing repayment to the bank in case of default by your friend, who was the borrower for a bank loan. You may have forgotten it, but the CIBIL report will show you as a defaulter for the loan, even though you were only a guarantor. You could be in for a shock, but that is how the system works. So, think twice before offering to stand as personal surety to anyone.

#### Many Loans

While calculating your eligibility for a loan, banks will normally add all the existing outstanding loans from banks, private borrowings, etc., before arriving at the eligible

amount. The loan-to-income ratio is calculated (banks generally say that the total deductions –including the repayment of the present loan -should not exceed 50 per cent to 70 per cent of your take-home/gross salary) by the bank before extending a loan.

### Job Stability

If you shift jobs frequently or shift your location a number of times, it becomes public knowledge and might go against you, as the bank could be asking searching questions on this score. A stable employment track record plays a favourable role in bank's decision to give you a loan. Since this loan is not secured by any collateral security and is given based on a good track record of employment (loyalty factor) and credit profile (good or acceptable CIBIL score), stability in one's life is of prime importance in the eyes of the bank.

### Tax Record

Banks could make a thorough assessment of your tax profile by asking for the ITR copies of previous assessment years or could ask for details of tax deducted at source/professional tax paid against your salary in the past. Failure to give them or submit satisfactory answers could come in the way. So, the advice is to obtain income certificate/TDS certificate/Form 16-16 (A) from your employer and produce the same when necessary.

### Past Loan Rejections

If you have applied for a loan or credit card in the past and got rejected (for whatever reason), applying again could get you a rejection.

### RBI Defaulters'/Wilful Defaulters' Lists

If your name is here, then you must worry. The Reserve Bank of India maintains the 'wilful defaulters' list, which is updated and uploaded on its website. The RBI Wilful Defaulters' List is culled from the banks on the basis of wilful default (deliberate attempt to hoodwink the lenders in spite of adequate net worth).

### CIBIL SHAREHOLDER DISTRIBUTION





## CHAPTER 3.4

### PERSONAL LOAN RATE OF INTEREST

#### PERSONAL LOAN RATE OF INTEREST

<b>Bank</b>	<b>Personal Loan Interest Rates</b>	<b>Processing Fee</b>
<u>SBI Personal Loan</u>	12.50%	In the range of 2% to 3%
<u>HDFC Bank Personal Loan</u>	11.25%	Min 0.99%, Max 2.50% Up to R
<u>ICICI Bank Personal Loan</u>	11.25%	Starting from 0.99%, Up to 2.25%
<u>Bajaj Finserv</u>	11.99%	Starting from 1.50%, Up to 3%
<u>Citibank</u>	10.99%	Upto 0.5%
<u>IDFC Bank</u>	11.50%	Starting from 0.75%, Up to 2%
<u>Axis Bank</u>	11.25%	1.50% to 2.00%
<u>Tata Capital</u>	11.75%	Flat fee of Rs. 999*, Upto 2%
<u>Fullerton India</u>	17.25%	Upto 2.00%
<u>IndusInd Bank</u>	11.00%	Min 1% to Max 2.50%
<u>Kotak Bank</u>	11.50%	Upto 2.5%
<u>RBL Bank</u>	13.99%	Upto 2%
<u>IIFL</u>	12.99%	1 - 2%
<u>Capital First</u>	14.00%	1.50%

<u>HDB Financial</u>	13.99%	Upto 2% of loan amount
<u>PNB</u>	12.00%	1.8% + taxes
<u>Standard Chartered Bank</u>	10.99%	1.00%
<u>IDFC First Bank</u>	14.00%	1.50%
<u>Syndicate Bank</u>	13.40%	0.5%, Min Rs. 500
<u>Union Bank of India</u>	12.70%	0.5%, Min Rs. 500
<u>Vijaya Bank</u>	12.50%	0.25%, Max. Rs. 10000 + ST
<u>Yes Bank</u>	10.75%	Starting at 0.99%, Up to 2%
<u>Allahabad Bank</u>	13.15%	1.06%, Min- Rs. 1068
<u>Karur Vysya Bank</u>	13.90%	0.40%
<u>Indian Overseas Bank</u>	12.70%	Rs. 204 per lakh
<u>Indian Bank</u>	11.05%	0.5%, Min- Rs. 508
<u>IDBI Bank</u>	13.20%	1%
<u>Federal Bank</u>	11.49%	0.5%, Min Rs. 500
<u>Dena Bank</u>	13.00%	1%
<u>Corporation Bank</u>	12.95%	1.5%, Min Rs. 500
<u>Canara Bank</u>	13.00%	0.50%

<u>Bank of Maharashtra</u>	15.10%	1%, Min Rs. 1,000
<u>Bank of Baroda</u>	11.60%	2%, Min Rs. 250
<u>Andhra Bank</u>	11.55%	Case to Case

### **Personal Loan Interest Rates Comparison, Best Personal Loan Rates**

#### **Personal Loan**

Personal loans are unsecured loans available for both salaried and self-employed borrowers to help meet their general personal or private expenses that are urgent and immediate in nature. Unsecured loans are loans without any security that can be availed quickly. The rate of interest on personal loans is higher than that on secured loans. There are multiple personal loan providers in India which offer cheap and quick loans. You need a new loan only if:

- You are in the midst of a financial crisis and need immediate funds.
- You do not have a collateral to take a secured loan.
- You do not have time to go through detailed documentation and loan process.
- You need a short term loan of not more than five years.

#### **Benefits of taking a personal loans are : -**

- Unsecured in nature with no requirement of collateral or a security
- Fast turnaround with loan approval in as quick as a few hours. Banks now offer instant personal loans as well.
- Minimum documentation with approval based on basic KYC, quick background checks, CIBIL score and income proofs

#### **How to Get the Best Personal Loan Interest Rates?**

As per the current rates, Yes Bank offers the lowest interest rate of 10.75%. You can get best personal loan depending upon the company you are working with, loan amount you have applied for and your repayment capacity. Higher the loan amount, lower will be the rate of interest.

HDFC Bank, Tata Capital, IIFL, RBL Bank, Citibank, ICICI Bank are the best banks for personal loan, if you are looking for an instant personal loan with in 1-2 days. The interest rates of these banks are in the range of 10.99% to 16%. These loans providers offer online lending process. You can get instant personal loan approval from these banks online at MyLoanCare and check eligibility without having to submit paper documents. Post approval, in case you are an existing bank account holder or existing loan customer of HDFC Bank, Tata Capital, IIFL, RBL Bank, Citibank, ICICI Bank, you may be eligible for instant disbursement without any documents. In other cases, you may upload a few documents on mobile app or submit them physically to a bank loan officer who will visit you at your place before loan disbursement.

## Personal Loan EMI Calculator

To get lowest personal loan interest rate online, read the do's and don'ts mentioned below.

Do's	Don'ts
<ul style="list-style-type: none"><li>● <b>Check best discount and offers for salaried customers</b> – Always check current offers and loan interest rates offered to employees of large reputed companies</li></ul>	<ul style="list-style-type: none"><li>● <b>Do not apply for loan amount more than what you are eligible for</b> –Applying for amount higher than your eligibility may lead to rejection your loan application. Always check eligibility and your credit score</li></ul>
<ul style="list-style-type: none"><li>● <b>Compare personal loan rates based on loan amount</b> –Some banks offer low interest rate at higher loan amount</li></ul>	<ul style="list-style-type: none"><li>● <b>Do not apply with multiple banks for your personal needs</b> - Simultaneous loan applications gets recorded in your CIBIL Report and can hurt your chances of getting a loan</li></ul>
<ul style="list-style-type: none"><li>● <b>Check for tenure based discount</b> – Banks may offer lower rates on personal loan for certain tenure and if possible, opt for tenures with lower interest rates</li></ul>	<ul style="list-style-type: none"><li>● <b>Your salary bank may not offer the cheapest personal loan</b><ul style="list-style-type: none"><li>● – Various banks keep offering attractive schemes to acquire Premium customers. Hence, the offer from your salary bank may not be the best option</li></ul></li></ul>

## Compare Personal Loan Interest Rates of All Banks

You should do a detailed comparison of personal loan interest rates and charges of all banks before choosing the best bank for personal loan.

- **Interest rates for personal loans:** Banks launch attractive schemes with low interest rates on a regular basis, especially for individuals working with large reputed companies. Rate of interest varies based on the categorisation of your company in the internal categories of banks which can vary from bank to bank. Hence, always check for personal loan offers from multiple banks to get the cheapest rates
- **Personal loan processing fees** – Most banks charge a processing fees of Rs. 999 to upto 2% of loan amount, whichever is higher. Since these loans are short tenure loans, higher processing fees can result in significantly high cost on loans. Hence, it is important to compare the All Inclusive Rates (AIRs) for personal finance loans to compare and shortlist

the top offer. Get detailed comparison on interest rate, processing fees and attractive cash back offers by applying online through MyLoanCare.

- 
- **Insurance premium** - Since these are unsecured loans, banks request the borrower to take an insurance policy when availing a loan. However, the premium varies from bank to bank depending upon the risk coverage under various policies. So, check the loan sanction letter carefully to know the coverage and premium. You may also want to do a comparison of various insurance policies to be able to choose a policy which gives you adequate coverage at lowest premium.
- 
- **Personal loan prepayment and foreclosure** – Nobody wants to keep paying interest on a loan when you have surplus money available to repay it. Sometimes you may want to repay a part of your loan before time which is called part prepayment. In case you decide to pay the entire loan amount before time, it is called foreclosure. Banks typically levy prepayment or foreclosure charges on personal loans ranging from nil to up to 5%. So, check carefully if the low interest rate personal loan you are getting comes with high prepayment or foreclosure charges. Some banks, might not allow you to prepay your loans before few months and the same needs to be considered while taking a loan.

### Quick Guide on Personal Loan

- **Purpose:** Some of the basic purposes for which this loan is granted include vacation or travel, higher education, wedding, medical treatment, credit card payment and many more. Banks specify the purpose for which they are willing to grant this loan.
- 
- **Key Features:**
  - **Age of the borrower:** Loan available for both salaried and self-employed professionals within the age group of 21 and 60 years
  - **Loan Amount:** In the range of Rs. 50,000 to Rs. 50 Lakh.
  - **Loan Tenure:** Can range from 3 to 60 months.
  - **Interest rates:** Personal Loan Interest Rates starting from 10.75%.
  - **Personal Loan EMI:** Lowest EMI of Rs. 2,162 per lakh.
  - **Work Experience:** Up to 3 years of total experience.
  - **Processing Fees:** Up to 2% of loan amount.
  - **Documents Required:** Address Proof, Identity Proof, Income Documents.
  - **Special Schemes:** Banks offer customized personal loan interest rates and schemes for salaried borrowers working in government, defense, private or MNC companies. Banks offer personal loan to self employed professionals like Doctors, CA, CS, Architects. Top banks has also launched special loan schemes to pensioners up to an age of 76 years.

**Watch this video to know the best personal loan for you.**

### How to Improve Your Chances of Getting a Personal Finance Loan

These loans are mostly unsecured in nature, banks have a pre decided set of rules (credit policies). Many loan applications get rejected as the borrower do not fulfil the basic set of rules of banks for approval of personal loan. Hence, it is important that the borrower works on improving his or her chances of getting a loan using some simple tips.

- **Calculate your credit score and improve it** - Always check and calculate your credit score before applying for loan. Credit bureaus operating in India such as CIBIL, Equifax, Experian and CRIF High Mark usually help in providing personalised credit report within

24 hours of applying. Low credit score implies that there are higher chances of defaulting on loan payments whereas a high score not only increases the chances of getting loan approval but also getting low interest personal loan rates for borrowers. So, it's necessary to improve your score above 750 to get the loan approved.

- 
- **Identify options for bad credit loans** - In case your credit score is less than 750, you might want to wait for a few months and work on improving your credit score. However, if you are not in a position to wait, you should look for NBFCs or banks that provide loan for a lower credit score as well. In such situations you can also take gold loan or loan against fixed deposits which do not take into account your past credit score.
- 

### Gold Loan Offers of All Banks

- **Identify the right product for you** - You should carefully compare and select the right bank for loan as different banks have different interest rates and eligibility criteria. Always, make a personal loan comparison for interest charges and other loan terms such as tenure, foreclosure charges and other hidden charges before finalising the loan. Approaching banks through online market places may provide you a quick and detailed comparison of key loan offers and help you make the right choice.
- 
- **Avoid multiple loan applications** - Sometimes, customers in a hurry to get a loan, apply for a loan with multiple banks to improve their chance of getting a loan on time. However, applying for multiple personal loan applications increases the probability of the loan being rejected as each query gets captured in your credit report and multiple queries can adversely impact your CIBIL score.
- 
- **Try to keep a gap of minimum 6 months between personal loan applications** - Most of the banks do not grant a new loan to a borrower who has availed an unsecured personal loan in the last six months. In such cases, banks may doubt that you will not be able to bear the burden of additional EMI payments. There should always be a gap of 6 months between two loan applications.
- 
- **Be honest and provide accurate information** - Always be honest by providing accurate details to the bank. This makes the process easy and convenient for both lenders and customers. Lenders verify the information provided by you. They also call to confirm your personal data and if they feel it's incorrect, they may reject the loan application.
- 
- **Maintain job stability** - Lenders require that the customer has at least two years of work experience in a particular job. So, avoid switching jobs if you want to improve your chances of getting a personal loan.
- 
- **Apply for a loan amount based on your repayment capacity** - Before applying for loan; determine the loan amount that you will be able to repay in future. Use online eligibility calculators to calculate your loan amount eligibility. Requesting for loan amount higher than your eligibility might increase the chances of rejection of the loan application. Banks also calculate the ratio of fixed expenses to income ratio of a potential borrower to estimate the amount of loan that can be serviced by the potential borrowers. Lower the ratio, higher the chances of loan being approved.

## Personal Loan Eligibility Calculator

Last, but not the least. Practice a healthy credit discipline regimen to maintain a healthy score and improve the chances of getting a loan. This regimen includes paying EMIs on time (every late payment reduces your credit score), restricting the number of credit cards, reducing the limit usage on credit cards, resort to taking a secured credit, wherever possible and regularly checking your credit report to ensure timely course corrections. So, follow the above tips to get your loan application being approved easily and reduce the chances of rejection.

### Documents Required for Personl Loan

<b>Docu ments Requi red</b>	<b>In di vi du al s</b>	<b>Firms, Partnerships</b>
Signe d Appli cation Form	Re qu ire d	Required
Identi ty Proof	P A N ca rd, Pa ss po rt, Dr ivi ng Li ce ns e, A ad ha r	PAN card, Passport, Driving License, Aadhar Card, Voter id, Govt issued i-card

	Card, Voter id, Govt issued i-card	
Certificate and Proof of Business Existence		Trade license, certificate of practice, registration certificate is by R
Address Proof	Passport, Driving License, Election ID card, Electricity/Tele	Rent agreement, TAN allotment letter

	<p>ph on e/ M ob ile bil l/ ba nk sta te m en t (n ot m or e th an 3 m on th s ol d)</p>	
<p>Age Proof</p>	<p>P A N ca rd, Pa ss po rt, Dr ivi ng Li ce ns e, V ot er</p>	<p>Employee ID card (only for PSU), School/ college leaving certifica</p>

	id ca rd, Bi rth ce rti fic at e, E m pl oy ee ID ca rd (o nl y fo r PS U/ G ov er n m en t e m pl oy ee s), Sc ho ol/ co lle ge le av in g ce	
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	<p style="text-align: center;">rti fic at e</p>	
<p style="text-align: center;">Incom e Proof</p>	<p style="text-align: center;">La st 2 ye ar s Fo rm 16 , las t 6 m on th s sal ar y sli p, las t 6 m on th s' ba nk ac co un t sta te m en t sh o wi ng sal ar</p>	<p style="text-align: center;">Last 2 years ITR, last 6 months bank account statement</p>

	y cr ed it	
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### Illustration on Personal Loan

Maximum Annual Percentage Rate (APR)	10.75% to 22%
Representative example of the total cost of the loan, including all applicable fees	: NIL Total Monthly Cost – From Rs. 2,162 for a monthsto Rs. 9,359 e including all applicable fees: 10.7to

### Which bank is best for personal loan?

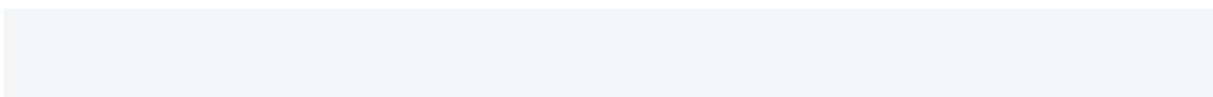
Citibank, IndusInd Bank, Standard Chartered Bank, Yes Bank are the best banks for taking a personal loan based on their current personal loan rates as they offer interest rate in the range of 10.75% to 11%.

### Why do I need Personal loan?

This loan is usually taken to meet short term needs. Generally the purpose of this loan is to pay off credit card debts, family vacation, wedding, medical emergency, etc. Personal loan rates are mostly fixed and higher than other loan types. So, loan should be taken only in case of emergencies. Also, you should have a plan that you can make all your repayments on time. If you have a low CIBIL score, then you should not apply in multiple banks for loan as each rejection will drop your CIBIL score.

### I want personal loan. How can I get a personal loan?

You can apply in several ways. You can directly visit the bank branch and meet the sales person, contact a loan agent or apply online at any bank or NBFC's website. You can also compare interest rates of all banks, apply for loan and get personal loans online approval. You can also chose to apply for personal loan from private lenders to get best loan offers.



## **Personal Loan Application Form**

### **Can I apply personal loan in my hometown?**

Yes, you can apply personal loan online in your home town provided you have sufficient income to pay the EMIs on time and have good credit history. You can also compare personal loan offers for different cities.

## **Check Personal Loan offers in Different Cities**

### **What is the minimum and maximum tenure of personal loan?**

These are generally taken for a short period of time. Generally, the loan tenure is between 12 months to 60 months.

### **What are the charges for personal loan?**

In addition to rate of interest, banks charge the following two fees on personal loans.

- **Processing fee:** This fees is charged when you apply for a loan. The processing fee can range between 2 – 3% of the loan amount and can be negotiated down, if you bargain. It also helps, if you approach the bank through an online market place like myloancare.in, as we negotiate with the bank on your behalf and also, offer attractive cash backs on sanctioned loans. Sometimes, we also get to offer exclusive loan schemes on behalf of the banks such as nil processing fees for our valued customers.
- **Pre-closure fee:** This fees is charged when you decide to close your loan before the completion of loan tenure. Banks imposes this penalty to cover the loss it can incur due to premature closing of a fixed rate loan. Prepayment penalty can range up to 5% of the loan amount. You need to read the terms and conditions of your loan agreement carefully to check on the prepayment clause and ensure that it is not too strict compared to market benchmarks. Banks are also open to revise the prepayment clauses if negotiated and discussed by the borrower or his loan care representative.

### **What is the CIBIL score for personal loan?**

CIBIL score ranges from 300 to 900. A score of 750 and above is considered as good score to get personal loan. Higher the credit score, higher the chances to get loan application approved.

### **Do I need to open a bank account to service my personal loan?**

Yes, you need to have at least one functional bank account in your name. It is even better if you have an account with the same bank from which you would like to get a loan.

### **Can I apply for personal loan jointly with my spouse?**

Yes, you can apply jointly with a co-applicant (either be your spouse or your parents). This helps you to increase your eligibility and you can also avail for a higher amount of loan as your co-applicant's income also gets added to your income and that total is taken into consideration for calculating the loan amount you will be eligible for.

### **Does it affect my co-applicant if I default in personal loan?**

Yes, if you fail to pay the loan on time then it will also affect your co-applicant as default in loan will affect his/her CIBIL rating as well.

### **What are the main factors that affect interest rate of personal loan?**

As these are unsecured loans so they have higher rate of interest. Personal loan interest rates vary for different loan amount, company category and net income. High income and good company profile can lend you high loan amount at low interest rate. Personal loan rates for government employee and defence personnel may be different from that for private salaried employees.

### **Can I do balance transfer on personal loan?**

Yes, if you are getting higher rate of interest and paying higher EMI than other banks, then you can opt for personal loan balance transfer and reduce your monthly burden.

### **Can I get top up on personal loan?**

Yes, you can get top up loan but terms and conditions vary from bank to bank.

### **How can I prevent rejection of my personal loan application?**

Banks or NBFCs give loan to those borrowers about whom they are sure that he/she can repay the loan. You need to know few details if you don't want your application to get rejected:

- In this case, if you have a spouse who is also working, you can add her as a co-applicant to boost the combined salary levels.
- Clear your old debts first so that your leverage levels come down.
- You can also balance transfer your existing loans so that the rate of interest on loans can come down and additional loan can be availed.
- If your loan application is rejected due to a low CIBIL score, you can opt for loans where a CIBIL check is not required. Regular repayment track record on this loans can actually improve your CIBIL score. You can also try taking a loan from lenders which lend to borrowers with a low CIBIL score. However, the rate of interest offered by these lenders are generally higher than those offered by banks.

### **Can I make payment of loan amount when I am outside India?**

Yes, you can make payments from outside India through net-banking or online banking facility provided by banks.

### **Can I get a personal loan for pensioner if I have a pension account with one of the leading private banks in India?**

There are several private as well as public sector banks which offer loan to pensioners. You can get loan of up to 10-20 times of your monthly pension.

### **What are the benefits of part prepayment of a loan?**

Part prepayment allows to you utilize any surplus income you have towards repaying your loan and hence, decrease your fixed expenses burden. It also allows you to reduce the total interest cost of a loan by either decreasing your EMI or reducing your loan tenure. Banks allows prepayment and foreclosure after a few initial months. However, as personal loans are fixed rate loans, banks typically charge a prepayment penalty of 2-5% over prepaid principal amount. It is important to understand the cost implications of prepayment, before taking a loan as well as before taking a decision to prepay.

### **Can I get a personal loan with a bad credit score?**

Yes, you may be eligible for qualifying a personal loan even with a low CIBIL score. But, the lenders may charge a higher rate of interest on your loan and may ask you to apply for loan along with a co-applicant to improve your credit worthiness.

### **What are the tax benefits available on personal loans?**

Personal loans have no explicit tax benefits but you may sometimes get a tax exemption, based on the purpose of personal loan. If you take a personal loan for home renovations and/or down payment, you may be eligible for Income Tax deduction under Section 24 of Income Tax Act. This tax benefit available only on the interest paid on the loan and not for the principal amount. Similarly, if you have taken the personal loan for meeting your business expenses, you can claim the interest paid on such loans against your taxable income, thus reducing your tax liability.

### **Tax Benefit on Personal Loan**

#### **Do lending institutions change interest rates after sanction of loan?**

Usually, personal loans are given at fixed interest rates and hence banks do not change these rates after sanction. However, if you have opted for a floating interest rate, the rate of interest will be reset at regular intervals by the bank in response to fluctuations in market interest rates.

### **COMPARE PERSONAL LOAN DETAILS OF BANKS**

Select First Bank

Select Bank Name Here

Select Second Bank

Select Third Bank

Select Bank Name Here

### **TYPES OF PERSONAL LOANS**

#### **3.4.1: HOME LOAN**

Home loan is a secured loan offered against the security of a house/property which is funded by the bank's loan, the property could be a personal property or a commercial one. The home loan is a loan taken by a borrower from the bank issued against the property/security

intended to be bought on the part by the borrower giving the banker a conditional ownership over a party i.e. if the borrower has failed to pay back the loan, the banker can retrieve the lent money by selling the property.

## Home Loan Interest Rates Comparison in India

Bank	Home Loan Rate	Processing Fee
<u>SBI Home Loan</u>	8.65%	0.50% Min Rs. 0 - Max Rs. 10,000
<u>HDFC Home Loan</u>	8.75%	0.50% Min Rs. 3,000 - Max Rs. 10,000
<u>ICICI Bank Home Loan</u>	9.10%	0.50% Min Rs. 5,000 - Max Rs. 5,000
<u>Axis Bank</u>	8.85%	0.50% Min Rs. 1,000 - Max Rs. 25,000
<u>PNB Housing Finance</u>	9.10%	1.00% Min Rs. 10,000 - Max Rs. 10,000
<u>Bank of Baroda</u>	8.65%	0.50% Min Rs. 7,500 - Max Rs. 20,000
<u>LIC Housing Finance</u>	8.70%	0.50%
<u>Indiabulls</u>	8.80%	Min Rs. 1,000 - Max Rs. 5,000
<u>Citibank</u>	8.75%	Nil
<u>DBS Bank</u>	9.65%	Max Rs. 10,000
<u>DHFL</u>	8.70%	0.50% Min Rs. 2,500 - Max Rs. 20,000
<u>Kotak Bank</u>	8.90%	Max Rs. 10,000
<u>Indian Overseas Bank</u>	8.70%	0.53% Min Rs. 8,900 - Max Rs. 13,350
<u>HSBC Bank</u>	8.85%	1.00% Max Rs. 10,000

<u>Edelweiss</u>	10.50%	0.25%
<u>DCB Bank</u>	10.24%	2.00% Min Rs. 5,000
<u>Corporation Bank</u>	9.05%	0.50% Min Rs. 1,000 - Max Rs. 50,000
<u>Yes Bank</u>	9.35%	0.75% Max Rs. 10,000
<u>Bank of Maharashtra</u>	8.75%	0.50%
<u>LT Housing Finance</u>	9.90%	2.00% Min Rs. 4,999
<u>Andhra Bank</u>	8.80%	0.50% Max Rs. 10,000
<u>Union Bank of India</u>	8.80%	0.50% Max Rs. 15,000
<u>Standard Chartered Bank</u>	9.41%	1.00% Min Rs. 5,000 - Max Rs. 10,000
<u>South Indian Bank</u>	9.45%	1.00% Max Rs. 10,000
<u>PNB</u>	8.65%	0.50% Min Rs. 20,000 - Max Rs. 50,000
<u>Punjab and Sind Bank</u>	8.85%	0.25% Min Rs. 1,000 - Max Rs. 15,000
<u>Lakshmi Vilas Bank</u>	10.00%	0.40% Min Rs. 10,000 - Max Rs. 20,000
<u>Karnataka Bank</u>	8.80%	0.25% Min Rs. 250
<u>Indian Bank</u>	8.60%	0.23% Max Rs. 20,381
<u>GIC Housing Finance</u>	10.25%	Min Rs. 2,500

<u>Dena Bank</u>	8.80%	0.50%
<u>Central Bank of India</u>	8.60%	0.50% Max Rs. 20,000
<u>IIFL</u>	9.50%	1.00% Max Rs. 10,000
<u>Bank of India</u>	8.85%	0.25% Min Rs. 1,000 - Max Rs. 20,000
<u>Vijaya Bank</u>	8.75%	0.50% Min Rs. 1,000 - Max Rs. 20,000
<u>Allahabad Bank</u>	8.85%	0.40% Max Rs. 50,000
<u>UCO Bank</u>	8.70%	0.50% Min Rs. 1,500 - Max Rs. 15,000
<u>Reliance Capital</u>	10.00%	1.00% Min Rs. 3,000 - Max Rs. 6,500
<u>OBC</u>	8.75%	0.50% Max Rs. 20,000
<u>Jammu And Kashmir Bank</u>	8.85%	0.25% Min Rs. 500 - Max Rs. 10,000
<u>IDBI Bank</u>	8.80%	0.50% Min Rs. 2,500
<u>Federal Bank</u>	8.75%	0.50% Min Rs. 3,000 - Max Rs. 7,500
<u>Dhan Laxmi Bank</u>	9.90%	1.00% Min Rs. 10,000
<u>Tata Capital</u>	9.05%	0.50%
<u>Canara Bank</u>	8.75%	0.50% Min Rs. 1,500 - Max Rs. 10,000
<u>IDFC Bank</u>	9.60%	Min Rs. 5,000 - Max Rs. 5,000
<u>United Bank of</u>	8.65%	0.59%

<u>India</u>		Min Rs. 1,180 - Max Rs. 11,800
<u>Syndicate Bank</u>	8.75%	0.13% Min Rs. 500 - Max Rs. 5,000
<u>RBL Bank</u>	10.45%	Min Rs. 5,000 - Max Rs. 15,000
<u>Karur Vysya Bank</u>	9.65%	Min Rs. 5,000

There are different types of home loans available.

•Home Purchase Loan :

This is the basic type of a home loan which has the purpose of purchasing new room

•Home Improvement Loan :

This type of home loan is for the renovation or repair of the home which is already bought

•Home Extension Loan :

This type of loan serves the purpose when the borrower wants to extend or expand an existing home, like adding an extra room etc

•Home Conversion Loan :

It is that loan wherein the borrower has already taken a home loan to finance his current home, but now wants to move to another home. The Conversion Home Loan helps the borrower to transfer the existing loan to the new home which requires extra funds, so the new loan pays the previous loan & fulfils the money required for new home.

•Bridge Loan:

This type of loan helps finance the new home of the borrower when he wants to sell the existing home, this is normally a short term loan to the borrower & helps during the interim period when he wants to sell the old home & want to buy a new one,

•Land Purchase Loan :

It is that loan which is taken to purchase a land for construction & investment purposes

## **Tax Benefits in Home Loan**

The home loan borrower enjoys Tax Benefits on both Interest paid & the Principal re-paid. Under Section 24(d) of Income Tax, the deduction of interest payable on the home loan is up

to a maximum Under Section 80(c) of Income Tax, Principal amount for the repayment of loan along with other savings & investments is eligible for tax deduction up to a maximum Rs of 1000000.

### **3.4.2 CAR LOANS**

Car loans come under secured loans(except -Home Loan)section of banks as most of these loans when disbursed your car is hypothecated under the lenders name and your name .These days a large set of cash discounts are available when you try to buy the dream vehicle . So the important part is that you know what you can get while taking loan

- Covers the widest range of cars and multi-utility vehicles in India.
- Flexible repayment options, ranging from 12 to 84 months.
- Repay with easy EMIs.
- Among lowest interest rates.

<b>Particulars</b>	<b>Salaried Individual</b>	<b>Self-Employed Individual</b>	<b>Partnership Firm</b>	<b>Private /Public Ltd .Co</b>
<b>Age Criteria</b>	The applicant should be atleast 21 years old at time of application, and below 58 years of age at time of maturity of the loan.	Any Proprietor, partner, professional or director above 28 years of age but below 65 at the time of the loan's maturity.	-	Limited companies should have been in existence for at least 2 years

	<b>Income Criteria</b>	Gross annual salary is Rs 2lakh p. a (Gross Income) minimum and this varies with respect to the state of application.	Gross annual income is Rs 2lakh p. a minimum	Firm should have a minimum PAT (profit after tax)income of Rs60,000	Minimum PAT (profit after tax) of Rs60,000
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## DIFFERENT BANK RATES FOR CAR LOANS.

<u>BANK RATES</u>	<u>USED CAR LOANS</u>	<u>NEW CAR LOANS</u>	<u>PROCESSING FEE</u>
<u>ICICI BANK</u>	16%	9.50%-11.50%	Rs. 2500/- to Rs.5000/-
<u>HDFC BANK</u>	17%-19%	10.50%-11.25%	Rs. 2950/- to Rs. 3950/-
<u>KOTAK MAHINDRA</u>	15%-16%	12%-13%	3% of loan amount
<u>AXIS BANK</u>	16.50%-18%	9.50%-10.5%	Rs. 3000/- to Rs. 3500/-
<u>STATE BANK OF INDIA(SBI)</u>	N.A.	8.25%(fixed for one year)then,10%-11.25%	0.5% of loan amount.
<u>BANK OF INDIA</u>	10.50%-18%	10.75%(up to 3 yrs)then,11.25%	N.A.
<u>FEDERAL BANK</u>	N.A.	9.75%(for 3 yrs) 10.25%(for 5 yrs)	Rs. 1655/- to Rs.2758/-

### 3.4.3 SPECIAL PERSONAL LOAN

Go on your dream holiday, buy the latest lifestyle gizmo, gift your wife a lovely diamond ring, and renovate your house or just squash a temporary cash crunch. Let us give you a helping hand. Our personal loans will meet all your personal requirements.

#### Loans for salaried individuals of select companies

- Special loans for doctors, chartered accountants, engineers, architect , CS and ICWA

- Loans are available from Rs 1 lakh to Rs 20 lakhs
- Repayment tenures from 12 to 60 months
- Attractive interest rates
- A balance transfer facility available for those who want to entire any higher cost debt
- Loans available against repayments track record of any existing auto, personal or home loan
- Zero balances SB account facility for personal loan customers
- Simple procedure, minimal documentation and quick approval

### **Eligibility**

#### **Salaried Employees**

Salaried doctors, CAs, employees of select MNCs, public and private limited companies, government sector employees including public sector undertaking and central and local bodies:

- Minimum age of applicant: 18 years
- Maximum age of applicant at loan maturity: 60 years
- Minimum Employment: Minimum 1 year of cumulative experience for both salaried individual/professional. Salaried Doctors require 3years of cumulative experience
- Minimum Net Monthly Income: Rs 15,000per moth
- Special Offer for employees of select companies.

#### **Self-employed Doctors**

- Self-employed doctor include self-employed MBBS or BDS and doctors with higher qualification.
- Minimum age of applicant: 24 years to 65 years at the time of loan maturity
- Experience (doctors): 2 years continuous employment
- Minimum annual income: Rs 2.40 lacs per annum gross receipts (Rs1.80 lacs per annum for select locations)
- Maximum loan per available: Rs 20 lacs for self employed doctors
- Special scheme for Self Employed doctors

### **3.4.4 EDUCATION LOAN**

Education is the essence of life. To ensure that no deserving student is denied education for want of funds, the government is promoting education loans in a big way. The basic aim or idea behind education loan is to bring education within the reach of students and help them improve their prospects in life.

Education loans cover cost of the school/college fee, hostel expenses, and cost of books and stationery. The maximum amount of education loan is up to Rs. 7.50 lakhs in case of studies in India and Rs 15 lakhs for studying abroad. The sum of money offered is against a third-party guarantee.

An education loan is a form of financial support from any bank or financial institution that enable a student for taking higher education. All graduation, post-graduation and professional courses from institutes approved by the state and central government and also from foreign universities are eligible for a loan. For studies in India one can get loans up to Rs.7.5 lakhs and up to Rs. 15 lakhs for studies abroad.

#### **Eligibility Criteria**

- The applicant should be an Indian national.
  
- Professional/technical courses, through entrance test/selection process
  
- He/she should be around 16-26 years of age or any other range specified by the bank.
- He/she should not be a minor
  
- He/she should have a good academic track record.
  
- He/she should have parents or guardians with stable source of income.
  
- He/she should have secured admission to a recognized university in India or abroad.

### **3.4.5 Marriage Loans**

Wedding are a time for family jubilation. No stone is left unturned to make wedding functions complete success. Marriage Loans are gaining in both rural as well urban areas. Such a loan can also be availed under the person loans category.

#### **Loan Amount**

The maximum amount of loan varies form customer to customer, depending on a number of factors like, security/ collateral offered by the customer, repayment capacity through monthly/ quarterly/ half yearly instalments or under Equated Monthly Instalments or EMI.

#### **What is personal loan on credit card?**

Loan on credit card is a pre-approved loan that does not require any documentation. It is the fastest source to attain unsecured credit. In this type of loan, a certain part of your credit card limit that is unutilized is offered as a loan. Loan on credit card is not same as cash withdrawal.

#### **Is it better to get a personal loan to pay off credit cards?**

While **personal** loans may have higher interest rates than secured loans, they often offer lower interest rates than **credit cards** — some as low as 6 percent. ... Using a **personal loan to pay off credit card** debt could help you save money on interest and potentially **get** out of debt faster.

#### **What is better a loan or credit card?**

A personal **loan** is **better** than a **credit card** if you need to **borrow** a large amount of money and can make regular repayments. You can normally **borrow** more money with a **loan** than a **credit card**, and at a lower interest rate. ... **Loans** instill discipline as, unlike **credit** cards, you can't re-**borrow** the money you've repaid.

#### **Credit Card Vs Personal Loan**

Personal loan and loan on credit card seem similar but are not exactly the same.

**Documentation:** A personal loan requires quite a number of documents for approval and takes a few days to come through, however loan on credit card does not need any documentation and is faster to attain.

**Interest:** This is the most important point to be considered while taking a loan. Usually, person loans are offered at a 13-22% interest rate, while credit card loans offer interest rate of 10-18%. However, another key factor is that credit card loans can be availed at flat interest rates, while personal loans are available with reducing balance rates.

Monthly interest in case of flat rate loans is applied on the initial loan amount and it remains the same for the entire duration of the tenure, even though the principal amount decreases. While in case of reducing balance loan, the interest outflow decreases as and when the principal is paid.

- To avail a personal loan, you do not have to be the bank's customer, however to avail a loan on your credit card, you must be owning the bank's credit card.
- Unsecured Loan: However, both these loans are unsecured and there is no collateral involved.
- Tenure: Credit card loans can be taken for lower tenure periods, while personal loans are usually long duration loans.
- Loan Amount: A credit card loan is a suitable option when in need of a small amount of loan, while with personal loans, you can avail a huge loan.

## The Credit Score Advantages of Getting a Personal Loan

### 1. It Lowers Your Credit Utilization Ratio

A personal loan is an installment loan, so the debt is not considered in your credit utilization ratio, which is a calculation of all revolving debt compared with how much credit you have available to you. If you pay off revolving debt with a personal loan, it will lower your utilization ratio, which can have a positive effect on your credit scores.

### 2. It Adds Variety to Your Credit Type

According to FICO®, there are five factors that determine your credit score: Payment history, credit utilization ratio, length of credit history, new credit inquiries and credit mix."

While credit mix only counts for 10% of your credit score, a personal loan can help by creating a more varied mix of credit types, which lenders and creditors tend to view favorably.

### **3. You Will Establish a Payment History**

In the long run, a personal loan could help your credit scores as long as you make your payments on time and in full. "The more on-time payments you have, the better your credit score," Hudson adds.

### **4. Debt Consolidation**

Paying down balances on credit cards by bundling them into one, the lower-interest-rate loan is known as debt consolidation and can help boost your credit scores.

"The upside of getting a personal loan is that most people will use the personal loan to pay down their credit card balances," says Irene Prewitt, CEO of Hannah Financial in Cleveland, Ohio and a certified credit specialist. "This will save the consumer money in the long run because the interest rate on the personal loan is usually a lot lower than the interest rates that credit cards carry."

## **The Disadvantages of Getting a Personal Loan**

### **1. Additional Inquiries on Your Credit Report**

When you apply for a personal loan, the lender performs a credit check to gauge your creditworthiness. "A personal loan will appear as a hard inquiry on your credit report, which will impact your credit score," Hudson says.

### **2. Additional Debt**

While a personal loan could simplify debt repayment and help you reach your financial goals faster, only borrow what you need so you don't increase the amount you owe.

### **3. Fees**

Look out for any origination and late fees. "More often than not, most loans charge an origination fee that cannot be avoided and is automatically deducted from your loan amount," Hudson says. "If you need a \$10,000 loan, for example, and there is a 3% origination fee, then make sure you borrow \$10,309.28 to cover the fee and still get the \$10,000 you need. Like most loans, any late payments can result in expensive late or overdraft fees. To prevent any unnecessary late fees, ensure you pay the minimum payment on time each month.

## 5 Money Moves That Affect Your Credit Score

### Payment History Is 35% of Your Credit Score

35% of your credit score is based on your payment history. Paying on time can mean the difference between average and exceptional credit. If you have a history of paying on time across most of your accounts and have an occasional slip-up and pay late, it won't affect your credit score as much as it used to.

Here's what you need to know:

- A few days late does not count against you. A payment cannot be reported late unless it is 30 days or more past due.
- The big picture matters more now. With the older system prior to 2009, one big problem could cause havoc with your credit score. Now, if all other accounts are in good shape, one serious issue will not matter as much.
- Small problems hurt less. Previously, if you missed a small bill (less than \$100), and it went to collections, you would see a negative impact on your credit score. Now your credit score will not suffer as much from a small misunderstanding.

Since this category has such a big impact on your overall credit score, when you go through a foreclosure or short sale it is not just the foreclosure that impacts your credit, but also the months of late payments that precede the foreclosure.

### Amount Owed Makes up 30% of Your Score

The next major component, which accounts for 30% of your credit score, is the amount of revolving debt you owe in relation to your available balances. Credit cards and lines of credit are forms of revolving debt. This category is calculated on an individual account basis and an overall basis.

For example, if you have available credit of \$5,000 and you borrow \$4,000 from that lender, it will show that you have used 80% of your available credit on that line or credit card. To keep your credit score high, you want to borrow no more than 30% of your available credit from any one lender. This means contrary to popular belief, it is better to owe a smaller amount on several cards than to max one card to its limit.

The exact weighting of this factor can vary depending on how long you have been using credit. Regardless, your total amount of debt plays a big role in your credit score. It could end up having as big of an impact as your payment history.

To improve this part of your score you can call lenders and ask them to increase your available credit. As long as you don't borrow more, this increase in available credit will help your overall credit score. In the credit industry, this is called credit utilization.

### Length of Credit History Is 15% of Your Score

Your length of credit history comprises about 15% of your score. People with credit scores over 800 typically hold at least three credit cards (with low balances) which they have had open for over seven years each.

As you pay off debt, do not close out that credit card or credit line. Instead, consider using it to pay a small monthly bill that you pay off each month. Research shows that people with the best credit history pay off credit cards each month so a small amount of activity paid in full each month can help boost your credit score.

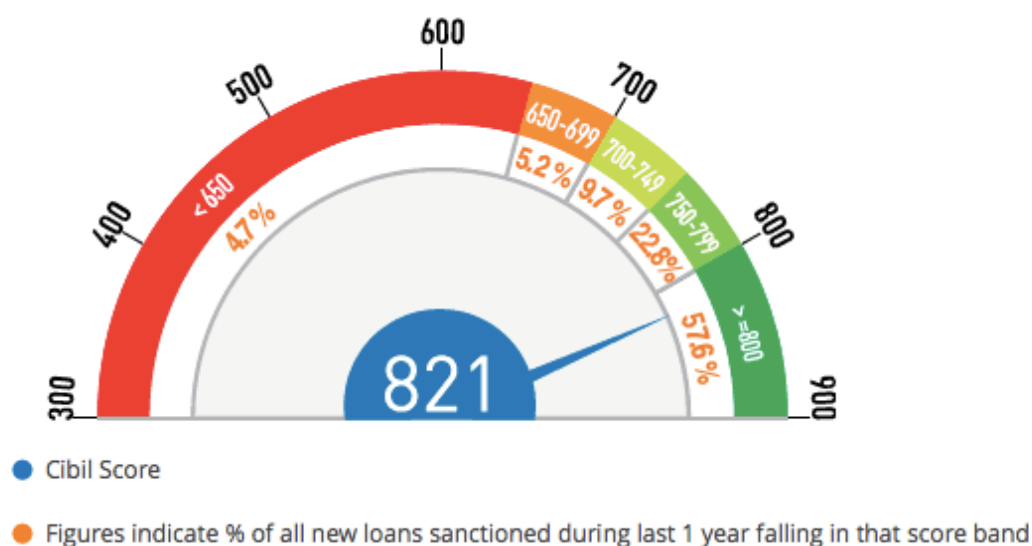
### Inquiries and New Credit Are 10% of Your Score

Inquiries and new debt account for about 10% of your score. The good news; if you are shopping for a house, all mortgage inquiries within 30 days of each other will be grouped as one inquiry. For autos, it is a 14-day limit but different scoring systems outside of FICO may vary. When shopping for credit, submit applications within a few days of each other so that inquiries are bunched together.

### Credit Mix in Use Is Also 10% of Your Score

The last 10% of your score is based on the type of credit; installment vs. revolving debt. Installment debt, such as an auto loan, is looked upon more favorably than revolving (credit card) debt. In addition, with the 2009 changes, you now get points for your ability to successfully manage multiple types of debt; a mortgage, auto loan and credit cards, for example.

When you add all this up what is a "good" credit score? If you want the best rates on a mortgage once you are retired, shoot for a score of 780 or higher. Anything over 750 is considered to be excellent but the higher the better. A good credit score falls in the 700 - 749 range, with 650 - 699 being "fair". If you score is 649 or start taking actions that can improve it.



## **ARTICLES RELATING TO PERSONAL LOANS IN INDIA**

### **ARTICLE 1: Banks handing out more personal loans for growth to offset slow corporate lending**

Pratik Bhakta, ET Bureau Jun 10, 2016, 03.14AM IST

MUMBAI: When Priyam Sen realised that his savings cannot fund his honeymoon at an exotic Pacific island, HDFC Bank came forward to help. The bank agreed to finance the Tata Consultancy Services employee's trip at a 13.5% rate of interest without any guarantee.

The cost was a little more for Abhishek Dutta , who took a personal loan for his wedding and honeymoon. He took a loan of Rs 2 lakh from Capital First and since he worked at an NGO, Dutta said he was charged 17%, but without any collaterals.

A corporate job would have reduced it to 14%," he said. "It was processed solely on the basis of my salary slips, rent agreement and PAN card." At a time when corporate loan demand is muted, banks are betting on this high-risk, high-returns segment of retail lending to protect their profit margins.

According to sectoral credit data released by the Reserve Bank of India last week, unsecured personal loans processed by banks grew 31.7% in 2015-16, nearly double the pace compared with the previous year's 16.2%. While this might indicate increased economic activity, there is always a greater risk of default in this category.

### **ARTICLE 2: Advantages of prepayment and part payment of personal loan**

Rishi Mehra Mar 2, 2015, 12.47PM IST

Barring interest charges on the unpaid amount on your credit card, personal loans attract some of the highest rates of interest. Often ranging between 15 to over 20 percent, personal loans command a premium since they are often unsecured in nature. A personal loan, however, is popular in the country as it helps get over a temporary or an urgent need of

cash. Often used to buy consumer durables, weddings, health treatment or even vacation, personal loans are offered by most banks in the country with some variations in charges and fees. However, if a personal loan can be prepaid or paid partly, there are certain advantages in store for the customer.

### **Full Prepayment:**

Firstly, if the prepayment in full can be done relatively early into the tenure of the loan, a customer tends to save a lot on the interest. A personal loan generally has a lock in of about one year after which the entire outstanding amount can be prepaid.

For example, if the personal loan is for Rs. 2 lakh at an interest rate of 15% and for a term of five years, the monthly EMI comes to Rs. 4758. At the end of the first year the customer would have paid Rs. 29,039 towards premium and Rs. 28,057 as interest. If the customer decided to prepay the full amount now, he would stand to pay Rs.57,422 less in the form of interest.

Another example of this would be in case you take a loan of Rs. 3 lakh for a term of 5 years @ 15% ,you will have to pay an extra interest of Rs. 1,28,219. A breakup will show that first year you end up paying Rs. 42,086 or about 33% of your total interest, the second year you pay Rs. 35,084 or 27% of your total interest amount, while you pay Rs. 26,956 for your third year or 21%, Rs. 17,522 or 14% in the fourth year and Rs. 6571 or only 5% in the final year.

The trick clearly is to prepay the entire amount early in the tenure of the loan so that one can enjoy the advantages of foregoing less on interest. However, even at a later stage in the tenure where the customer may have paid much of the interest, if he does have some excess cash it is always better to prepay the loan and get the monkey off your back.

Some banks, however, do have penalty rates ranging from 3-5 % when a customer decided to prepay a loan. The Reserve Bank of India had recently directed banks to stop charging customers when pre-closing a loan account, but this only applies to loans taken on a 'floating rate' basis. Since most personal loans are on a fixed rate basis, the rule does not apply. There are, however, some public and private sector banks that do not charge anything prepayment. In this case there is a great advantage in making use of idle cash a customer may have by prepaying a loan. It is simple economics at play - if the idle cash in hand earns you less return

when kept in a bank or invested elsewhere when compared to the interest you pay on your personal loan, it is wiser to pay off the loan.

### **Part Payment:**

Part payment of a personal loan happens when you have a lump sum amount of idle money, but is not equivalent to the entire principal outstanding loan amount. Part payment works because it brings down the principal amount unpaid, which in turn brings down your EMIs and the total interest you pay. However, it is important to keep in mind that only when you make a significant amount of lumpsum money as part payment, does it help.

This is an easy but an effective way to save down on your interest amount as the part-payment amount directly gets deducted from your Principal Outstanding as on date/month of making the partial payment. In case you go for a Rs. 3 lakh loan for a term of 5 years at 15%, you will have to pay an extra interest of 1, 28,219 (as illustrated above). In case you make a nominal partial payment of Rs. 50,000/- after 6th EMI you will be able to save 32% of your Interest portion.

There is a direct relation to the amount you part-payment and the time you do it to the savings you can have from minimizing your interest outgo. However, making a very small part payment for your personal loan does not help, especially if there are prepayment charges.

### **ARTICLE 3: All about personal loans**

Kavita Sriram, TNN Dec 31, 2004, 12.10AM IST

Sounds incredible, but it is true - You can get personal loans sanctioned in a matter of 2 to 3 days. A bank official will come down to your house, procure necessary documents from you and complete all formalities.

Unlike gold or marriage or consumer durable loan, you can do anything you want with personal loan. Avail it to meet personal exigencies and requirements. Medical or engineering college expenses of your children or expensive hospital bills of your parents could burden you. Or your house urgently needs renovation. Personal loans come to your rescue.

### **How is personal loan different?**

The amount that will be sanctioned to you depends on your take home salary. From as little as Rs 20,000 to as much as Rs 10 lakhs, get a personal loan sanctioned. If you take the loan jointly with your spouse, her income is also included for determining the loan amount. In case of home loan or home improvement loan, you will be required to spend the money only for building or maintaining the house. In case of personal loan, the banker is not at all concerned about how you spend the money. Further, you are not required to present any security, collateral or guarantors.

### **What are the eligibility criteria?**

Typically, a salaried employee with a public, private, multinational or government organization, who has been in the current job for an year and is between 25 to 58 years can easily qualify for the loan. Also eligible are self employed engineer, trader, doctor, CA or a manufacturer, who make a considerable net after tax profit, and is between 25 to 65 years. These professionals have to show to the bank that they can repay the loan amount. Each bank has its own eligibility criteria.

Some institutions lend only to its customers or offer them more lucrative rates. Others also sanction personal loan to pensioners of government or public sector banks, who have take voluntary retirement prematurely.

### **How do I compare interest rates?**

Some banks offer personal loans at 16 percent while others claim a mere 10 percent. Which one should you go in for? Is there a catch anywhere? Should I simply close my eyes and go with the bank that offers me 10 percent rate of interest? Here is where you must ask for clarification.

Find out if the interest rate is fixed or is computed on reducing balance. In case of reducing balance, when you pay up an instalment, interest is automatically levied on the reduced balance. In case of annual reducing balance, interest for next 12 months is calculated on the loan outstanding at the beginning of the year. In case of monthly reducing however, interest is computed on the reduced balance at the beginning of the month. Whatever the rate of interest the bank charges, to find out which is a better deal for you compare the EMI and total repayment that you will have to make for the loan. This will give you a more realistic picture

than the interest rate itself. Also look out for application fee, processing fee and any other penalties.

### **Will personal loan plunge me into debt trap further?**

No doubt personal loans look appealing. Loans are approved in a jiffy if you have all necessary documents in hand. You need not stand in a serpentine queue in the bank. Financial institutions are trying their best to rope in customers. With no collateral or security needed, a personal loan means more money in your pocket

However, a loan also means a constant sum going out every month from your purse as EMI to the bank. Do you have enough money to meet your monthly expenses after paying off the EMI? Too many loans, means too many commitments to pay back.

Take the personal loan only in case of extreme emergency. If you are shrewd enough, you can reinvest the money in the market, and make it earn more than what you pay as interest to the bank. You can get a personal loan by simply submitting latest salary slip, form 16, passport size photograph and proof of residence. It is important that you use the money judiciously.

### **ARTICLE 4: RBI releases Quarterly BSR-1:**

#### **Outstanding Credit of Scheduled Commercial Banks for March 2016'**

The Reserve Bank of India today released the web publication 'Quarterly BSR-1: Outstanding Credit of Scheduled Commercial Banks (SCBs), March 2016'. Under BSR-1, information on occupation/activity and organisational sector of the borrower, type of account, interest rate, credit limit and amount outstanding are collected from the granular credit data. Such information is aggregated at the bank group, population group and state level using location parameters of the reporting bank offices.

The publication is based on data collected through quarterly BSR-1 survey as on March 31, 2016, which covered 1,08,934 offices of the SCBs (excluding RRBs). With the inclusion of IDFC Bank from this quarter, the total number of SCBs (excluding RRBs) reporting BSR1 data has increased to 91.

This web publication contains comprehensive quarterly data on gross bank credit of SCBs (other than RRBs) since December 31, 2014.

### Highlights:

- Bank credit registered a growth of 9.2 per cent in March 2016 (y-o-y) spearheaded by higher credit growth in private sector banks. Interestingly, in comparison with urban and metropolitan areas, the credit growth was higher in rural and semi-urban areas.
- In terms of total number of credit accounts, banking sector registered a y-o-y growth of 13.9 per cent in March 2016. The growth in number of accounts was higher for private sector banks.
- Credit to industrial sector grew (y-o-y) at a slow pace of 4.3 per cent in March 2016 indicating weak domestic demand and subdued corporate performance. As a result, its share in total credit declined to 40 per cent in March 2016 from 42.3 per cent in March 2015.
- The Weighted Average Lending Rate (WALR) reduced to 11.34 per cent in March 2016 as compared to 11.79 per cent in March 2015. The WALR for housing loans declined to 9.82 per cent in March 2016 from 10.5 per cent in March 2015.

## Get money in your bank in just 24 hours with India's fastest Personal Loan



Think it. Done with Bajaj Finserv

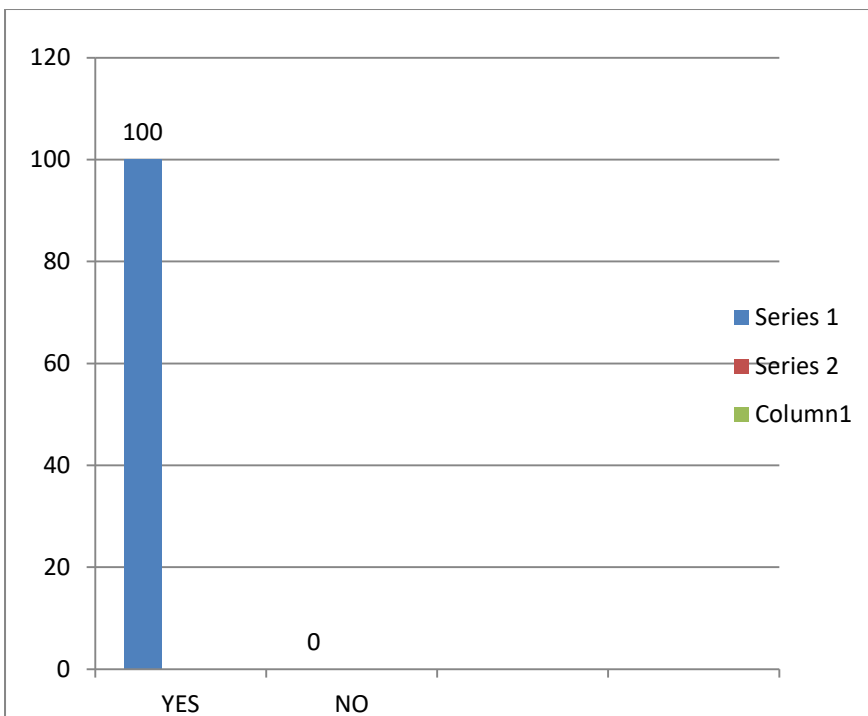
## CHAPTER 5

### DATA INTERPRETATION AND ANALYSIS

A) HAVE YOU HEARD ABOUT PERSONAL LOANS?

HEARD ABOUT PERSONAL LOANS	NUMBER OF RESPONDENTS	PERCENTAGE
YES	30	100
NO	0	0
TOTAL	30	100

#### GRAPH

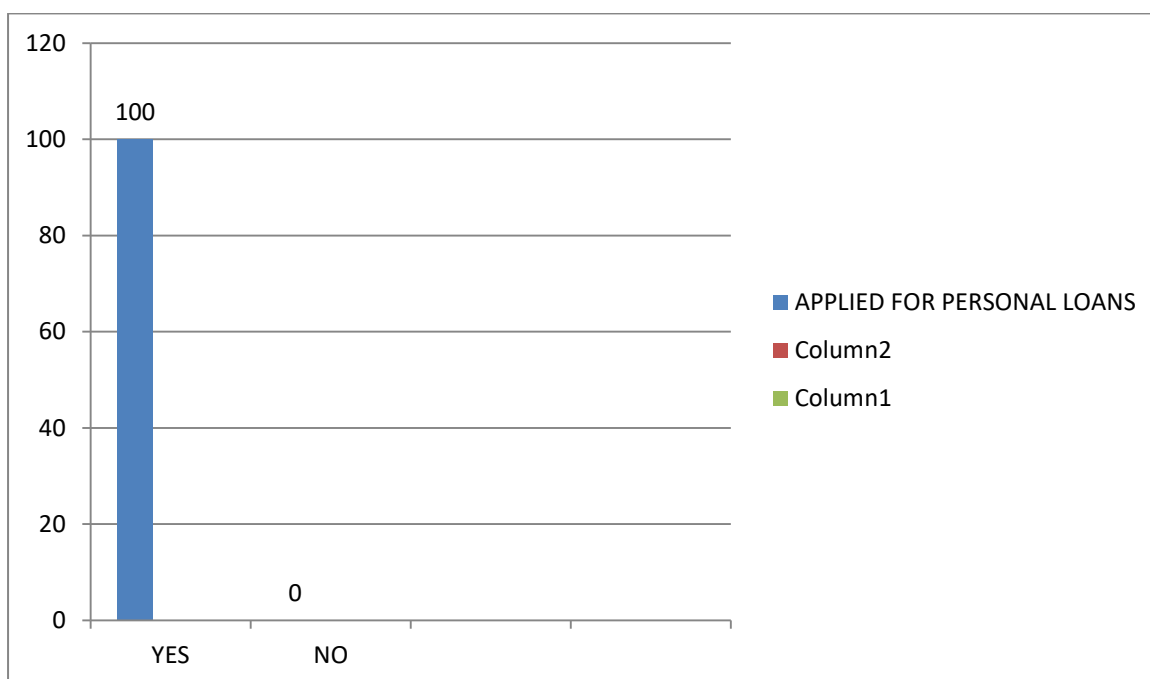


From the above chart we can conclude that 100% people have heard about personal loans provided by different banks

## B) HAVE YOU APPLIED FOR ANY PERSONAL LOANS?

APPLIED FOR PERSONAL LOAN	NUMBER OF RESPONDENTS	TOTAL
YES	30	100
NO	0	0
TOTAL	30	100

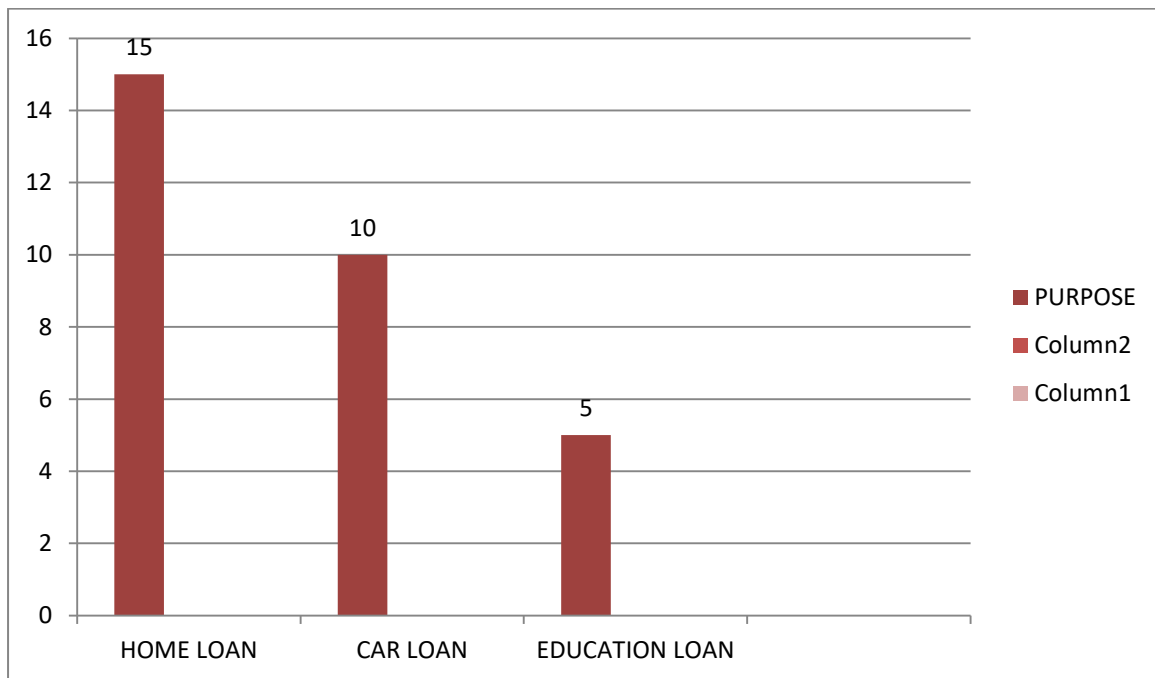
### GRAPH



From the above chart we can conclude that 100% people have applied for personal loans.

### C) WHAT IS THE PURPOSE OF YOUR PERSONAL LOANS?

PERSONAL LOANS	NO. OF RESPONDENTS
HOME LOAN	15
CAR LOAN	10
EDUCATION LOAN	5

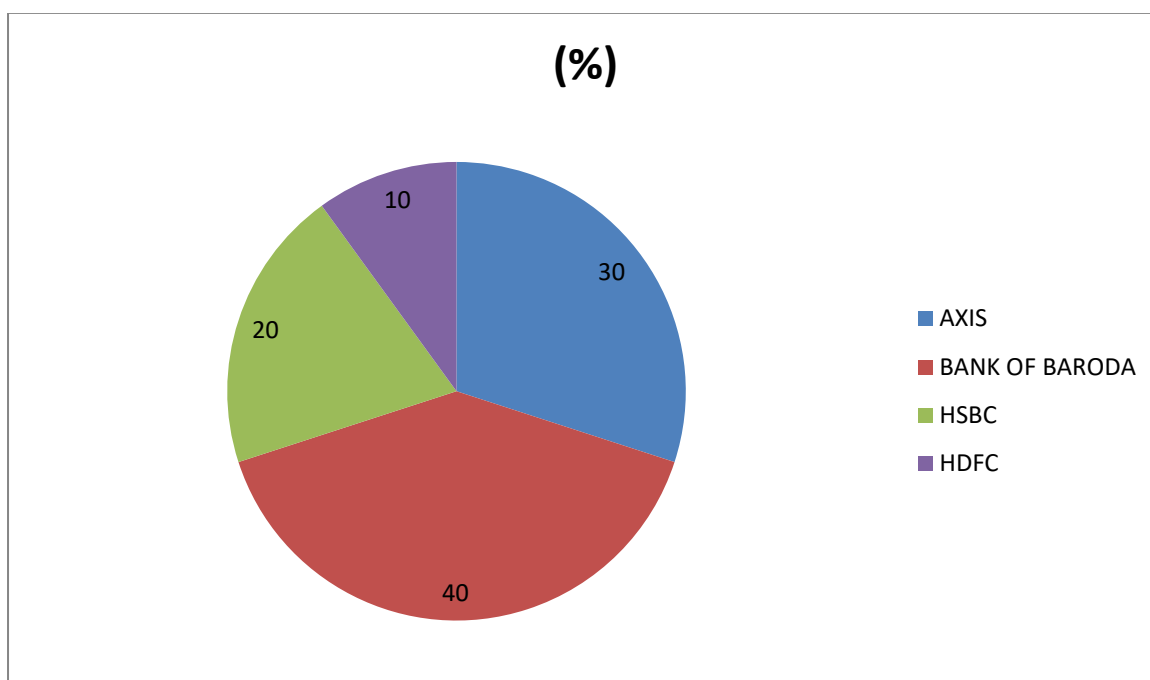


These graphs show the increasing rate of people taking personal loans, with majority taking home loans followed by car loans and education loans.

D) BANK FROM WHICH YOU HAVE APPLIED FOR PERSONAL LOANS.?

NAME OF THE BANK	NUMBER OF PEOPLE APPLIED	
AXIS	9	30
BANK OF BARODA	12	40
HSBC	6	20
HDFC	3	10
TOTAL	30	100

PIE DIAGRAM

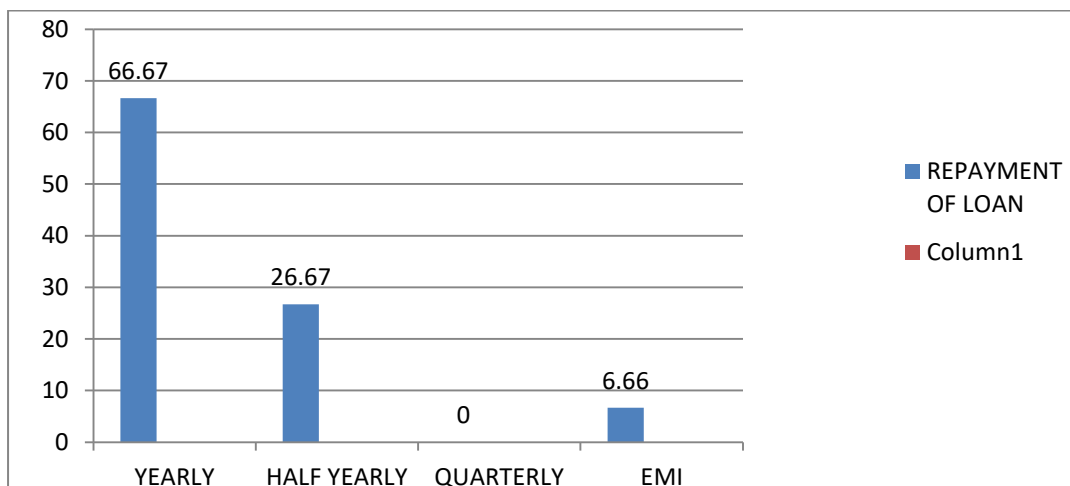


From the above chart it states that 30% applied for personal loans from axis, 40% people have applied from Bank of Baroda, 20% people applied from HSBC and only 10% people have applied from HDFC.

E) WHAT IS THE REPAYMENT PERIOD?

<u>DD</u>	<u>ONDENT</u>	
<u>LY</u>	20	66.67
<u>YEARLY</u>	8	26.67
<u>QUARTERLY</u>	-	-
	2	6.66
<u>TOTAL</u>	30	100

### GRAPH

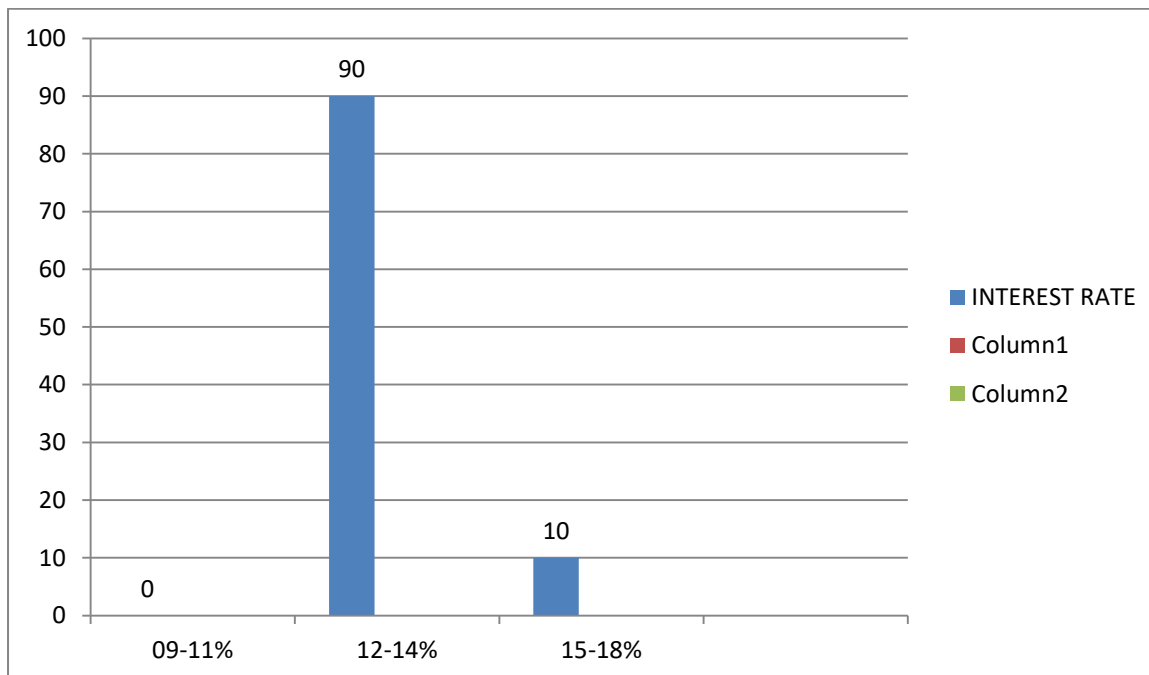


From the above chart we can state that the repayment period for different banks varies, therefore the repayment period yearly is about 66.67%, for half yearly 26.67%, and for EMI 6.66%.

## F) HOW MUCH WAS THE INTEREST RATE ?

INTEREST RATE	RESPONDENTS	
09-11%	-	-
12-14%	27	90
15-18%	3	10
TOTAL	30	100

### GRAPH



From the above graph I have come to the conclusion that many banks offer loans at the rate between 12-14% per annum and some of the banks offer interests in the range between 15-18%.

## **CHAPTER 7**

### **CONCLUSION**

Now a day's personal loans have been catered to range of people unlike years ago. As various schemes of personal loans are disbursed without complex procedures, the bank must manage its work mechanism in such a way it earns a good return, where there are no defaulters. To make the customers aware of the schemes and the offers, the bank should position its brand, market analysis and the customer research.

All these processes can be done only through effective and efficient management. This performance model shows how a business can be managed to earn profit. This model can be used by banks in the loan processing, by employing efficient staff in a good banking infrastructure, the bank introduce personal loans according to the needs of their customer. It includes speed, accuracy and care attending the delivery process. The bank should have quick respond system that link information system which helps in global positioning system. Millions of people get in financial situations where they need some money right away.

Sometimes they need a loan for a medical emergency or car repairs. But some loans are more of fun. May be the borrower and his family need a long awaited vacation, borrower can acquire loans regardless of his credit if he look around. The borrower should read all the fine print and understand the terms of repayments on the loan. Some companies charges high interest rates and even penalties if it is paid back soon. A secured loan is one that is secured by things like home or other items that might equal the value of the loan. Some credit cards will give a secured line of credit, this is a secured loan giving a credit limit with something one already own as collateral for line of credit. Secured loans are great idea if one has bad credit and need to repay it.

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# **SURVEY**

## **ANNEXURE 1: QUESTIONNAIRE OF PEOPLE**

### **INTRODUCTION**

The research work is done by surveying different people residing nearby residence who have taken personal loans to meet expenses. All the information is gathered and made available in this project. The main purpose of the project is to know different types and procedures of personal loans.

SURVEYED 30 PEOPLE WHO HAD KNOWLEDGE AND AWARENESS ABOUT PERSONAL LOANS AND DIFFERENT BANKS OFFERING THEM.

### **QUESTIONNAIRE**

1) HAVE YOU HEARD ABOUT PERSONAL LOANS?

YES

NO

2) HAVE YOU APPLIED FOR ANY PERSONAL LOANS?

YES

NO

3) WHAT IS THE PURPOSE OF YOUR PERSONAL LOANS?

HOME LOAN  CAR LOAN  EDUCATION LOAN

4) BANK FROM WHICH YOU HAVE APPLIED FOR PERSONAL LOANS?

AXIS  K OF BARODA  C  C

5) WHAT IS THE REPAYMENT PERIOD?

YEARLY  YEARLY  QUARTERLY

6) HOW MUCH WAS THE INTEREST RATE?

9-11%  12-14%  15-18%