

#### Useful contacts

**Disha Financial Counselling**  
www.dishafc.org

Ahmedabad:  
Phone: (079) 65126711 / 12 / 13  
1.30 pm to 7.30 pm (Tuesday to Saturday)

Chennai:  
Phone: (044) 42116459, 42115465/7  
1.00 pm to 7.00 pm (Monday to Friday)

Delhi:  
Phone: (0120) 2425972 / 73  
11.30 am to 5.30 pm (Tuesday to Saturday)

Hyderabad:  
Phone: (040) 40038837 / 38 / 39  
12.30 pm to 6.30 pm (Tuesday to Saturday)

Jaipur:  
Phone: (0141) 5101756 / 8  
11.30 am to 5.30 pm (Tuesday to Saturday)

Kanpur:  
Phone: (0512) 3914556 / 7  
11.00 am to 5.00 pm (Tuesday to Saturday)

Kolkata:  
Phone: (033) 64602300 / 2299  
1.00 am to 7.00 pm (Tuesday to Saturday)

Ludhiana:  
Phone: (0161) 5084067  
11.30 am to 5.30 pm (Tuesday to Saturday)

Mumbai:  
Phone: (022) 65971815 / 16 / 17  
1.30 am to 7.30 pm (Tuesday to Saturday)

**Moneylife Foundation**  
www.mlfoundation.in  
Telephone: +91-22-24441059-60  
Email ID: mail@mlfoundation.in

**Experian Credit Information Company of India**  
Consumer Support  
http://www.experian.in  
Email: consumer.support@in.experian.com

Phone: 022 - 66419000  
Monday to Friday between 9:30am and 6:30pm

Address  
P.O. Box.9096, Goregaon (East),  
Mumbai - 400063.



#### Other leaflets

This leaflet comes from a series of advice guides to help you understand how credit reports are produced and used and when they affect your life. Other guides available in this series are listed below.

- Bereavement or serious illness
- Denial of credit - Credit Crossroads
- Divorce and separation - Credit Crossroads
- Getting married - Credit Crossroads
- Moving home - Credit Crossroads
- Redundancy and reduction in income - Credit Crossroads

To get free copies of all these guides,  
visit [www.experian.in](http://www.experian.in)  
Information we hold about you may not be the same as any other credit information company

\*Financial Counselling provided by DISHA & Money life Foundation is a free and confidential service. The service is to provide assistance to consumers by analyzing their current financial situation and to counsel, advise and provide options to the Consumer to take appropriate financial / investment decisions. The consumers are requested to read all offer documents / literature and investment brochures carefully before Investing and rely on any such advise / counselling at their own accord. ECICI under no circumstance shall be held responsible for any financial decisions and /or investments made by the consumer and disclaims any and all liability financial or otherwise suffered by the Consumer.

# Students and Young People

Credit Crossroads



**When you apply for credit, for example a credit card or a loan, you will probably give the lender permission to do a check with Experian or another credit information company. This check helps the lender know that you can afford to repay the money you want to borrow.**

**Experian does not decide who should get credit, but the information we provide may help the lender to decide.**

**We hope this guide will help you if you are about to begin further studies or your first job.**

#### How it all works

When you apply for credit, lenders have to make sure that you are who you say you are and live where you say you live. They also want to make sure that you are likely to be able to keep up the repayments.

They will look at the information you give them when you apply (such as your job and income). They will also look at the information we hold about you, which we call your Credit Information Report. It is important you understand the information on your credit information report. Your credit information report must also be up to date because it helps lenders check:

- Your name and address;
- How you have managed credit in the recent past; and
- How you are managing credit at the moment.

If your credit information report shows that you repay credit on time, this will usually help you get credit. It may also help you get the best credit deals. Once you close a credit account (such as a credit card, a personal loan or a home loan), details of how you handled your payments stay on your report. Negative information such as a 'default' – a credit account you have broken the terms of – also stays on your report.

You can ask us to send you a copy of your credit information report. We will also send you a leaflet to help you understand the information and answer any questions you have. You can also get help and advice from our website.

To order a copy of your credit information report:

- visit [www.experian.in](http://www.experian.in)
- call 022 6641 9000
- email us at [consumer.support@in.experian.com](mailto:consumer.support@in.experian.com); or
- write to:  
Consumer Support Team  
Experian Credit Information Company of India Private Ltd  
P. O. Box 9096  
Goregaon (East)  
Mumbai – 400063.

You will need to send us the completed and signed Credit Information Report Request Form with a signed and dated photocopy of one of the following:

- PAN card, or
- Passport, or
- Voters ID.

AND

any one of the following (no more than 3 months old and for your current address):

- electricity bill, or
- telephone bill, or
- latest bank statement, or
- lease/licence deed, or
- sale/purchase deed, or
- passport.

Your credit information report will cost Rs.138:

- use internet banking to make a National Electronic Fund Transfer (NEFT), or
- pay at any of the 65,000 branches of more than 89 banks with the NEFT facility, or
- pay by demand draft payable in Mumbai to 'Experian Credit Information Company of India Private Limited'. The demand draft should be valid for 3 months.
- check [www.experian.in](http://www.experian.in) for any other different mode of payment

#### Building up a picture

It can often be difficult for young people to get credit when they are trying to borrow for the first time, because lenders like to check that you have paid credit off on time in the past and so may refuse your application if you haven't already established a credit history. They check this with a credit information company, such as Experian.

If you are successful in getting credit and you manage your loan accounts responsibly – paying them off on time – then you will be building up a picture of sensible financial behaviour on your credit information report which will help you in the future. If you fail to honour your credit commitments, this will show on your credit information report and will affect your ability to get loans and credit cards in the future.

When you apply for a loan or a credit card, lenders will need to verify your identity and address. Ensure you have documents to prove who you are and where you live before you apply, whether you are using your family home address or a temporary one. Lenders often use credit scoring to assess whether or not you will be able to pay back a debt on time and in full. The exact way lenders assess loan applications varies from company to

company, including how they work out any credit score. This is why some lenders say yes when others say no. Before you apply, make sure you are asking for credit suitable for a student or young person.

#### Be responsible when you borrow – budget for it

When you are thinking of borrowing in any form, be careful to work out the real cost of the credit you want, including how much you will pay back in total. Draw up a budget to make sure you can afford the repayments. Don't forget to include costs that only happen once in a while, such as annual charges.

Typically, an education loan of up to Rs.4 lakh does not require any collateral security or a parent's guarantee. For loans ranging from Rs.4 lakh to Rs.7.5 lakh, banks may require you to provide a parent's and a third party guarantee. Loans above Rs.7.5 lakh require a parent's guarantee and collateral security has to be provided before the loan can be approved and given to you.

You do not have to start repaying an education loan until 6 or 12 months after you have completed your studies or once you get a job, whichever is the earlier. However, you will have to pay interest on the loan in that time (the moratorium period) if your annual income from all sources is more than Rs.4.5 lakh. If it is less than that you can get a certificate from the Income Certificate Issuing Authority in your state and all the interest during the moratorium period will be subsidised by central government.

#### Find your best option

You'll probably get a few banks offering you 'free' credit cards or attractive deals on personal loans to cover your hostel and other expenses. 'Free' credit cards mean you pay no joining or annual fees. You still have to pay back what you buy on the card and you will still pay interest on the amount you borrow on a card if you do not pay off the full amount you owe each month.

Credit cards can be very expensive if you don't pay them off on time, and in full, every month. Some cards charge interest on the whole amount shown on your bill, even if you do pay some off. So check the small print before you apply to see if the card is right for you and look at different cards before you decide. Be aware that it is very expensive to get cash on a credit card as you will start paying interest from the day you take out the money. Only apply for credit after you have decided on your best option.

#### The importance of responsible borrowing

When you apply for a loan, you will give the lender permission to contact a credit information company and access your credit information report. The lender will know your age and should take that into account when seeing that you have little or no history of credit. Remember, to build up a good credit history you must make all your repayments on time. It really is important, as all repayments – and missed ones – are recorded on your credit information report. This report will be used every time you apply for a loan. So how you manage any credit you have now will

affect your chance of getting credit in the future. Use credit wisely and budget to make sure you don't spend too much. It's often a good idea to set up direct debits to ensure regular repayments. You should also check your bank and credit card statements very carefully each month to make sure you know where you are spending your money.

#### Information about other people

When the lenders share information with us that you have a joint loan, or you are a guarantor to a loan, the said account is flagged accordingly in the credit information report as joint, guarantor, individual etc.

Being a guarantor or a co-signee to a joint loan is a serious commitment. Even if the other party has assured you that they will take responsibility for repaying the debt, if they miss payments or default on the commitment this will also be recorded on your credit information report and will likely affect your ability to get credit in the future.

If loans are just in your name, you are totally responsible for paying them. If your friends leave and owe you money, the fact that they should have paid part of the debt will not protect you. Whether or not you manage to get them to pay their share, you will be held responsible if the company decides to try to recover the debt. If you can't pay you might end up with a court judgment against you.

#### Help is at hand

If you are struggling with any repayments, let your lenders know as soon as possible. If you keep in touch they will try to help. In the case of education loans, if you are unable to find a job or the salary is not sufficient for you to keep up the EMI (Equated Monthly Instalment), you will find most banks willing to extend the moratorium period for up to 2 years and restructure your loan repayments.

If you need advice on credit management, contact any of the agencies, set up by banks and the Reserve Bank of India, listed at the end of this leaflet. Only go to free advice providers, do not be tempted by commercial companies offering similar services – you do not have to pay for this sort of help.

Remember that your credit history starts to build up from the time that you first get credit. Your good financial behaviour now can make your access to credit faster and easier at later stages in life when you may need it more, for example to buy a home or a car or to set up a business. Your student loan is the foundation of your future credit history, so be responsible.