LITERATURE SURVEY:

EXISTING SYSTEM:

The current system, CIBIL, is a credit scoring system that collects and maintains records of individuals' and commercial entities' payments about loans and credit cards. These records are submitted to Trans Union, a Credit Information company, by banks and other lenders every month to every; using this information, a CIBIL Score and Report for individuals is developed. The CIBIL Score is a 3-digit numeric summary of a person's credit history, derived by using details found in the 'Accounts' and 'Enquiries' sections on their CIBIL Report and ranges from 300 to 900. This enables lenders to evaluate and approve loan applications. Although the CIBIL Score plays a vital role in the loan application process, it doesn't necessarily paint the entire picture. The CIBIL Score works as a first impression for the lender; the higher the score, the better are the chances of the loan being reviewed and approved. The decision to lend is solely dependent on the lender, who has to consider several other factors too. CIBIL does not in any manner decide if the loan/credit card should be sanctioned or not. The lender has to manually review each application, based on the details provided by the applicant, such as Gender, Marital Status, Education, Number of Dependents, Income, Loan Amount, Credit history, etc., and decide if they are creditworthy.

PROPOSED SYSTEM:

The proposed system automates the process of determining the applicant's credit worthiness. A data set containing the details of the loan applicants is collected. It is structured and analyzed using suitable analysis techniques. The data set is classified into two categories:

- Train data is used for training the model, i.e., our model will learn from this file. It contains all the independent variables and the target variable.
- Test data contains all the independent variables but not the target variable. We apply the model to predict the target variable for the test data. The Logistic Regression model is used to predict the binary outcome.
- Train period for loan sanctioning will be reduced.
- Whole process will be automated, so human error will be avoided.
- Eligible applicant will be sanctioned loan without any delay.