

Personal Loan Information

The personal loan bracket is eligible for any salaried and self-employed :

- Preferable age group of 24 & 60.
- Flexible repayment plans starting from 6 months to 5 years
- Basic income of 20k & above are eligible for an online personal loan.
- Can be salaried or self-employed get a personal loan of minimum amount (Rs. 10,000) & maximum of (Rs. 15,00,000)
- Buddy Loan services are available in major cities & towns across India
- Provide last 3 months salary-slips/ relative income proof documents, Should support the current income criteria.
- Have a decent CIBIL score between (700 - 900).
- If you have an excellent credit history, you can accelerate the loan approval process at lower interest rates.

Calculate your personal loan EMI amount :

Now meet your financial needs with a pro-active decision, Choose your lender & required loan amount for your loan application the better way:

Personal loan amount based on your salary:

Your monthly payout - $EMI = [P \times R \times (1+R)^N] / [(1+R)^N - 1]$

Representative Example :

For ₹ 1,00,000 borrowed for 1 year, with interest rate @13% per annum*, a user would pay:

- Processing fee (@ 2%) = ₹ 2,000 + GST = ₹ 2,360
- Line setup fee of ₹ 499+GST = ₹ 588/- to be paid before starting the credit line
- Interest = ₹ 7,181
- EMI = ₹ 8,932
- Total amount to be repaid after a year = ₹ 1,10,129/-
- *Interest Rate varies based on your risk profile
- The maximum Annual Interest Rate (APR) can go up to 36%

What is a Personal Loan?

A personal loan is a flexible, unsecured loan that lets you borrow a specific amount of money from a lender. You repay it in fixed installments over time, usually with a consistent interest rate. Since no collateral is needed, it's a convenient option for covering personal expenses like debt consolidation, big purchases, or unexpected emergencies.

Personal Loan - Get personal loans of up to **Rs.40 lakh** & above at attractive rates starting at **10.49% p.a.** with flexible tenures of up to **6 years**.

Personal Loan Details

A Personal loan is a type of unsecured loan that you can borrow from a bank or financial institution if you require funds to pay for your financial needs.

Interest Rate	10.49% p.a. onwards
Loan Amount	Up to Rs.1 crore
Loan Tenure	Up to 7 years
Processing Fee	0% - 6% of the loan amount + GST

Best Personal Loan Schemes and Offers from Top Banks

You can either visit the official website of the bank to directly apply for a personal loan or visit the BankBazaar.com website to compare different loans and then apply for one which suits you best.

Bank	Best For	Key Highlights
SBI Personal Loan	Different Income Categories	<ul style="list-style-type: none"> Interest rates starting at 11.45% p.a. Loans of up to Rs.30 lakh Tenure of up to 6 years
HDFC Personal Loan	Self-Employed Professional	<ul style="list-style-type: none"> Interest rates (rack interest) ranging between 10.85% p.a. and 21.00% p.a. Tenure of up to 5 years Loans of up to Rs.40 lakh
Kotak Mahindra Personal Loan	Quick Turnaround Time	<ul style="list-style-type: none"> Interest rates starting at 10.99% p.a. Loans of up to Rs.40 lakh Tenure of up to 5 years
Yes Bank Personal Loan	Quick Approval	<ul style="list-style-type: none"> Interest rates ranging from 11.25% p.a. to 21% p.a. Loans of up to Rs.40 lakh Tenure of up to 6 years
Union Bank of India Personal Loan	Suitable for first time borrowers	<ul style="list-style-type: none"> Interest rates (rack interest) ranging between 11.80% p.a. and 15.50% p.a. Tenure of up to 5 years Loans of up to Rs.15 lakh
Axis Bank Personal Loan	Minimum documentation	<ul style="list-style-type: none"> Interest rates starting at 11.00% p.a. Loan amount of up to Rs.40 lakh Tenure of up to 7 years
Tata Capital Personal Loan	Flexible Interest Rates	<ul style="list-style-type: none"> Interest rates starting at 11.99% p.a. Tenure of up to 6 years Loans of up to Rs.35 lakh
Standard Chartered Personal Loan	Short-term Requirement	<ul style="list-style-type: none"> Interest rates starting from 10.25% p.a. -23% p.a. Tenure of up to 5 years Loan amount of up to Rs.50 lakh

<u>IDFC First Personal Loan</u>	Top-Up Loans	<ul style="list-style-type: none"> • Interest rate starting at 10.99% p.a. • Loans of up to Rs.10 lakh • Tenure of up to 5 years
<u>SMFG India Credit Personal Loan</u>	Quick Approval	<ul style="list-style-type: none"> • Interest rates starting at 13% p.a. • Loans of up to Rs.30 lakh • Tenure of up to 60 months
<u>IIFL Personal Loan</u>	Easy Eligibility Checks	<ul style="list-style-type: none"> • Interest rates starting at 12.75% p.a. • Loans of up to Rs.5 lakh • Tenure of up to 42 months
<u>HDBFS Personal Loan</u>	Special Offers	<ul style="list-style-type: none"> • Interest rates up to 36% p.a. • Loans of up to Rs.20 lakh • Tenure of up to 5 years
<u>PNB Personal Loan</u>	Affordable Interest Rates	<ul style="list-style-type: none"> • Interest rates from 11.40% p.a. onwards • Loans of up to Rs.20 lakh • Tenure of up to 72 months
<u>IndusInd Bank Personal Loan</u>	Flexible tenure	<ul style="list-style-type: none"> • Interest rates starting at 10.49% p.a. • Loans of up to Rs.50 lakh • Tenure of up to 6 years
<u>IDBI Bank Personal Loan</u>	Simple application process	<ul style="list-style-type: none"> • Interest rates ranging between 10.60% and 13.35% p.a. • Tenure of up to 5 years • Loans of up to Rs.5 lakh

Types of Personal Loan

There are two types of personal loan schemes. They are:

- **Unsecured Personal Loan:** Under these types of loan schemes, you don't need to provide any security or collateral to the bank. If you meet all the eligibility criteria and have a decent [credit score](#), then you can avail yourself of an [unsecured personal loan](#).
- **Secured Personal Loan:** Under these types of personal loan schemes, you will need to provide some form of security or collateral to the bank. A [business loan](#) or a gold loan is an example of a [secured loan](#) as you may have to provide some form of property to apply for a business loan and gold if you wish to avail a [gold loan](#).

Personal Loan Interest Rates

The [personal loan interest rates](#) vary between **10.49% p.a. and 36% p.a.** Depending on the loan amount availed by you, your credit score, and repayment tenure, the interest rate charged on your loan is decided. If you maintain a high credit score and have a good relationship with the bank, then the interest rate on your personal loan can be lowered.

Uses of Personal Loan

What can you use a personal loan for? Since it is an unsecured loan without the need for any collateral, there are very few limitations on how you can use a personal loan. It can broadly be used for consolidating your debt (from other loans or [credit cards](#)), making high-value purchases for which you do not have cash in hand, or for emergency situations.

It cannot be used for speculative purposes or for making investments in the stock market. Some of the common reasons that people take out personal loans for includes meeting sudden business or educational expenses, paying for a vacation, buying high-end electronic gadgets or household appliances, wedding expenses, emergency medical expenses, home renovations, etc.

It can also be used for buying a vehicle if the rate of interest is lower than that of a vehicle loan. Thus, a personal loan has a wide variety of uses and can come in handy for meeting either planned or emergency expenditure.

Personal Loan Eligibility Criteria

The following factors are taken into consideration when a lender goes through your loan application. If you meet these criteria, you are [eligible for a personal loan](#):

Criteria	Salaried	Self-Employed
Age	21 years to 60 years	22 years to 55 years
Net Monthly Income	Rs.15,000	Rs.25,000
CIBIL Score	Above 750	Above 750
Minimum Loan Amount	Rs.50,000	Rs.50,000
Maximum Loan Amount	Rs.25 lakh	Rs.50 lakh

Documents Required to Apply Personal Loan

You must submit a set of documents that lenders require when approving a personal loan application. Here are the details for the [documents needed for a personal loan](#).

Requirements	Salaried Individuals	Self Employed
Proof of Identity	Passport, Voter's ID, Driving License or PAN Card	Passport, Voter's ID, Driving License or PAN Card
Proof of Residence	Passport or utility bills	Passport or utility bills
Proof of Income	Bank statement of salary account for the past two years	Audited financial statement of the past two years

If you are an NRI looking to borrow a personal loan, these are the documents that you will need to submit to the lender:

- Copy of your Passport
- [Visa](#) Copy
- Your official Email ID or the Email ID of the HR
- Bank Statements
- Salary Certificate or salary slips
- NRO/NRE bank statements of the last 6 Months

- Proof of Identity, Residence, Income, and Assets
- Recent passport-size Photographs of yourself and the guarantors

Know more about [NRI Personal Loan](#)

How to Apply for a Personal Loan Online?

Applying for a personal loan online can be a convenient and straightforward process. Here's a step-by-step guide:

- **Step 1: Research Lenders** - Start by researching various lenders to find the best fit for your needs. Consider factors such as interest rates, repayment terms, fees, and customer reviews.
- **Step 2: Check Eligibility** - Before applying, check the eligibility criteria set by the lender such as age, income, credit score, employment status, and residency.
- **Step 3: Gather Documents** - Prepare the necessary documents such as identification proof, address proof, income proof and any other documents required by the lender.
- **Step 4: Calculate Loan Amount** - Determine the loan amount you need and ensure it aligns with your financial situation and repayment capability.
- **Step 5: Visit Lender's Website** - Go to the website of the chosen lender. Most lenders have an online loan application process on their website.
- **Step 6: Fill Out Application Form** - Complete the online application form accurately with all the required information. This typically includes personal details, employment details, income details, loan amount, and purpose of the loan.
- **Step 7: Upload Documents** - Upload the scanned copies or digital copies of the required documents as specified by the lender.
- **Step 8: Review and Submit** - Review all the information you've provided to ensure accuracy. Double-check the terms and conditions before submitting the application.
- **Step 9: Wait for Approval** - After submitting the application, the lender will assess your application, including your creditworthiness.
- **Step 10: Loan Approval** - If your application is approved, you'll receive a loan offer detailing the loan amount, interest rate, repayment terms, and other conditions. Review the offer carefully before accepting it.
- **Step 11: Sign Agreement** - If you're satisfied with the loan offer, you'll need to electronically sign the loan agreement.
- **Step 12: Disbursement** - After signing the agreement, the lender will disburse the loan amount to your bank account. This process typically takes a few days.
- **Step 13: Repayment** - Make sure to repay the loan as per the agreed-upon terms to avoid any penalties or negative impact on your credit score

Personal Loan EMI Calculator

Use BankBazaar [Personal loan EMI calculator](#) to calculate your EMI beforehand to plan and manage your finances in a better way. Personal Loan calculator lets you check your loan eligibility and helps you compare loans offered by different banks.

All you need to do is enter the loan details, including your preferred loan amount, interest rate, tenure, and processing fee. Hit "Calculate" to check your EMI.

The result is followed by an amortisation table, which will give you a detailed break-up of your repayment schedule.

Personal Loan Fees and Charges

The following are [the charges and fees of the personal loans](#) available from various institutions.

- Processing fee
- [Goods and Services Tax](#) (GST)
- Verification charges
- Charges levied for issuing duplicate statement
- Penalty for defaults
- Penalty for pre-payment and part payment of loan

In addition to these, the lenders might also levy charges for documentation, stamping, credit administration, collection, and so on. The levy and the rates of these fees and charges differ from lender to lender. However, you can check the fees and charges which are levied by the top lenders in India before you apply for a personal loan.

Pre-Payment and Part Payment in Personal Loan

A personal loan is given for a stipulated time period. This period is known as the loan repayment tenure. After you have taken a loan, you are expected to pay the debt off by the end of the loan repayment tenure through EMIs. However, after availing a loan, if you decide to pay off your debt before the end of the loan repayment period, it is called pre-payment or foreclosure.

Types of Pre-Payment:

There are 2 types of pre-payment. They are full pre-payment and part pre-payment and part payment.

1. Full Pre-Payment:

If you are paying off the whole outstanding loan amount before the end of the loan repayment tenure, it is known as full pre-payment.

Advantages of full Pre-Payment:

- You can avoid paying hefty interest on your loan amount.
- If you have the money to pay off your debt completely, you might as well get rid of the debt.

- You can avoid paying pre-payment interest as well, if you have taken the loan from a lender who does not charge an interest on pre-payment of the loan.

Disadvantages of Full Pre-Payment:

- If your lender charges a penalty on pre-payment of the loan amount, you might have to pay a big chunk of money for pre-paying your loan.
- Before you foreclose a loan, check the other factors related to it. Foreclosing a personal loan means that you would be paying out a huge sum of money at once. This might not always be the best option.

2. Part Pre-Payment:

If you are paying off a part of the outstanding loan amount before the end of the loan repayment tenure, it is known as part pre-payment.

Advantages of Part Pre-Payment:

- You can choose to pay off a part of your outstanding loan amount if you have some readily available money.
- Part paying your loan will reduce the outstanding principal amount which, in turn, will reduce the effective EMI amount.
- The overall interest that you pay will also reduce significantly.

Disadvantages of Part Pre-Payment:

- If you do not make the part payment soon enough, you will not be able to maximize your savings.
- If your lender charges a fee for [part payment of personal loans](#), you might have to spend a significant amount of money for the same.

Modes of Loan Payment or Repayment

There are a number of repayment modes which are offered by lenders. Although these modes might differ from lender to lender, the most common modes of repayment can be summed up as follows:

1. **Electronic Clearance System (ECS):** The ECS or Electronic Clearance System is one of the most commonly used repayment methods. It is an electronic mode through which funds are transferred from one bank to another.
2. **Post Dated Cheques (PDCs):** Post Dated Cheques, as the name suggests, are cheques which are issued by you for a future date. The lender will use these cheques on the mentioned date to deposit or encash the amount mentioned on it.
3. **National Automated Clearing House:** The National Payment Corporation of India (NPCI) offers a program called NACH to all the banks and financial institutions. The NACH allows the processing of transactions in real time. This method can be used for your loan repayments.
4. **Debit Mandate or Standing Instruction:** You can give an instruction to your bank to pay off a particular amount of money to another bank or bank account at a regular interval. This is

known as standing instruction or debit mandate. Your bank will be paying off the stipulated amount towards the repayment of your loan on a regular basis through this system.

Different Types of Personal Loans in India

One can use your loan for any purpose as long as it is legal. However, there are certain lenders who provide different loan products on the basis of the purpose which is mentioned by the borrower in the loan application. On the basis of utilization, these are the different types of personal loans that can be availed in India:

Types	Definition
Personal Loan for Wedding	As the name suggests, a loan which is offered particularly for the purpose of meeting the expenses of a wedding is a wedding loan.
Personal Loan for Home Renovation	A home renovation loan allows you to pay for repairs or renovations to your home.
Personal Loan for Vacations	A holiday loan is specially designed for vacations. You can avail a holiday loan and pay off the expenses on a later day through easy EMI payments.
Personal Loan for Pensioners	A loan which is specifically offered to pensioners is known as a pension loan.
Personal Loan for Festivals	Certain lenders offer a personal loan exclusively for festivals. If you are looking for a loan to make arrangements for a festival, you can apply for a festival loan.
Medical Emergency Personal loans	Medical loans are basically loans taken out for the purpose of financing medical care.

Personal Loan Top Up

A personal loan customer can avail an additional loan amount through the top-up facility over his/her existing loan. The loan amount will be subject to the terms and conditions set by the financial lender, while the interest rate may be the same as the existing loan or could be up to 1% more than the interest rate of the current loan. The tenure of the [top-up personal loan](#) will be subject to that of the existing loan.

Key Features and Benefits

- Existing personal loan customers are eligible for the loan top-up provided that they have paid their EMIs regularly and have no pending payments.
- Quick or instant disbursal of the top-up loan amount.
- Minimum documentation required.
- Zero processing fee offered by a number of lenders.
- No collateral required.

Personal Loan Balance Transfer

The [personal loan balance transfer](#) facility gives customers the benefit of transferring their existing loan to another financial lender. This can be done if the other financial lender is offering a better interest rate, the tenure is a lot more flexible, they wish for a top up on their existing loan, etc.

Key Features and Benefits

- Get a reduced interest rate on the existing loan amount.
- Option to top-up the loan.
- Avail flexible repayment options.
- Avail benefits such as zero processing fee, waiver of last EMI benefit, etc.
- To get better customer care service.

How to choose the Right Personal Loan

Given below are the steps which you can follow to choose the right personal loan for yourself:

Loan Amount: Before proceeding with your decision to apply for a personal loan, it is crucial to determine the loan amount you require. Once you have established the desired loan amount, you can then calculate the equated monthly installment (EMI) obligations based on the loan amount and tenure. Comparing loan offerings from various lenders allows you to select a personal loan option that aligns with your budget and financial goals.

Loan Repayment Tenure: Choosing a longer tenure reduces your monthly EMI burden but entails paying more total interest over the loan duration. Conversely, opting for a shorter tenure increases your EMI but results in savings on interest payments. Select a tenure that matches your repayment timeframe; for short-term needs, a longer tenure may not be necessary. Look for lenders offering flexible tenure options to find a suitable arrangement that suits your budget and repayment capacity.

Rate of Interest: When acquiring a personal loan, prioritize the interest rate as the primary factor. Strive to secure the lowest interest rate feasible to reduce the overall loan expenses. Well-established banks typically provide considerably lower interest rates compared to private lenders, who might levy excessive rates. Thoroughly research and compare interest rates offered by various banks to discover the most advantageous deal, utilizing online tools to streamline the comparison process.

Minimum Documentation: Managing a protracted application process can be tedious, especially when urgent funds are needed. Many online lenders offer streamlined procedures with minimal documentation, leveraging technology for swift verification and decision-making. Explore pre-approved loan offers from familiar banks or lenders for expedited approval, often requiring minimal additional information. Documentation requirements may vary based on the loan amount, with smaller loans typically involving simpler applications.

Processing Fees: The processing fee is a one-time charge levied by the lender to cover administrative costs associated with handling your loan application. When assessing lenders, consider both their processing fees and interest rates to pinpoint the most economical choice. Avoid prioritizing a low processing fee if it comes with a significantly higher interest rate compared to other lenders.

Zero Collateral: Personal loans are typically unsecured, meaning there's no requirement to offer collateral as security for the loan. This lack of collateral criteria often enhances the accessibility of personal loans for eligibility, contrasting with secured loans like mortgages or auto loans. Since no assets are pledged as collateral, there's no jeopardy of forfeiting them if the loan defaults.

Why is Personal Loan becoming Famous in India

Some of the reasons why personal loan is becoming famous in India are given below:

Amidst high inflation, a segment of the extensive Indian middle class has curtailed expenditure on non-essentials over the past year, while concurrently opting for credit to purchase consumer products. This trend has contributed to India's consumption resilience, even amidst global economic slowdown post-pandemic. Unsecured loans, which necessitate no collateral, serve as a significant driver of this consumption surge.

The banking regulator has cautioned lenders to monitor unsecured loans closely, encompassing consumer goods loans, personal loans, and credit cards. While current official data doesn't raise significant concerns, certain lending indicators merit attention.

Despite financial constraints, Indians are increasingly inclined towards travel, driven by millennials, young professionals, and the burgeoning middle class. Additionally, consumers are keen on upgrading consumer durables and are open to EMI options if product prices are beyond immediate affordability.

How to Improve your Chances of Getting a Personal Loan?

- **Credit Clean-up:** One of the main factors taken into consideration by lenders is your credit score. Getting a personal loan is easier with a high credit score. If your score is low, you must check your reports to see if there are any errors. Sometimes, simple errors could have an adverse effect on your scores, and if you find any of these, you must report them to [CIBIL](#).
- **Rebalancing your Income and Debts:** Lenders ask for proof of income when you apply for personal loans in order to ascertain your debt-to-income ratio. Consider the sale of liquid assets like stocks or earning more through a part-time job to increase your annual income. Doing so will increase your debt-to-income ratio and increase your chances of getting a loan.
- **Consider Co-Signers/Guarantors:** If you are finding it hard to get a personal loan on your own accord, you can apply for one by adding a co-signer or guarantor. The person you choose as a guarantor must have a [good credit score](#). Their main aim is to guarantee that you

will repay the loan. However, they will also be liable to repay the loan themselves if you are unable to do so. Picking an individual with a credit score over 750 will considerably increase your chances of getting a personal loan.

- **Limit Your Borrowing:** It can be risky to ask for more money than you require to meet your financial targets. Make sure that you calculate how much you need and apply only for that specific amount.
- **Choose the Right Lender:** Every lender has their own requirements when it comes to credit scores and income. When looking for personal loans, pick a lender whose eligibility criteria you meet and apply accordingly. The problem with applying with multiple lenders is that each of them will [check your credit score](#), and each time your full credit report is pulled out, your credit score drops, albeit marginally.

How to Avoid Rejection of Personal Loan Applications?

The approval of a personal loan application depends on many factors. When you apply for a loan, you should make sure that you are fulfilling all the factors to ensure the approval of your loan application. The eligibility criteria for personal loans may vary from lender to lender.

However, there are some common criteria which include the age of the applicant, his or her income, credit score, the status of employment, and so on. Before you apply for a loan, make sure that all the eligibility criteria are being fulfilled.

This will help you avoid the rejection of your loan application. Although there are other options that you can resort to in case your loan application gets rejected, it is recommended to double-check before applying to [avoid the chances of rejection of loan application](#).

How to Check Personal Loan Status?

There are two main modes of checking the status of your loan application. Most lenders offer both online and offline modes through which you can keep tracking your [personal loan status](#).

Online Mode:

Most lenders offer the option of logging in to their official portal to help you track the status of your loan application. You can use the application number or reference number which is issued by the lender for this purpose.

On the other hand, if you have applied for a loan through a third-party aggregator website such as BankBazaar, you can just log in to its web portal and track the status of your loan application directly.

Offline Mode:

If you are not comfortable using the online platform, you can also track the status of your personal loan application through offline means. You can visit the branch office of your loan provider and check the status of your loan application. On the other hand, you can also connect with your lender over the telephone through their helpline or customer care number.

For both these methods, you would be required to provide a few basic details such as your name and the application number or reference number. Head to BankBazaar to know more about how to track your personal loan status.

How to Get Personal Loan Statement?

You can easily get in touch with your lender either through their online web portal or in person and request your personal loan statement. On most lender websites, you can just log in using your online credentials and provide your loan account number.

Once you have tracked your account, you can request a statement which is either sent to your registered email ID or provided in the form of a PDF file which can be downloaded. Similarly, you can also visit the branch office of the lender from where you have availed the loan and place a request for a statement. In addition to that, you can raise a request for your [personal loan statement](#) through phone banking as well.

Tips for Successful Personal Loan Application

There are a few important things to keep in mind when searching for a personal loan. Check out list of most helpful tips that will certainly help you with your personal loans.

- Assess the need for your loan
- Do proper research to get the best rate
- Check your credit history
- Review the fine print on your loan document carefully
- Choose your loan tenure by assessing your repayment ability
- Choose an affordable interest rate
- Select your loan amount as per your convenience
- Check your EMIs properly
- Compare the processing fee
- Select fixed or variable interest rate according to your preference

Do's	Don'ts
Do proper research before you apply for a loan	Do not sign your loan documents without understanding every point
Do read the fine print carefully	Do not make multiple inquiries regarding loans from different banks
Do save your money carefully when you are repaying	Do not take a personal loan without any serious purpose
Do pay your loan instalment promptly every single time	Do not be in a hurry to end your loan comparison process
Do evaluate your credit score thoroughly	Do not forget to pay your loan instalments
Do apply for an affordable loan amount	Do not accept bad loan products

Things to do After Closing a Personal Loan

If you have recently paid off your personal loan (either repaid or foreclosed), you might have the idea that your obligation towards the loan is over. However, that is not the case. There are certain things that you should do after paying off your personal loan.

- **No Dues Certificate (NDC):** The No Dues Certificate (NDC) is issued by your lender once you pay off the debt. This is one of the most important documents that you should collect immediately after paying off your loan. It is also a wise decision to retain this document for an extended period of time. This certificate validates the repayment that you have made. Without this document, you cannot prove that you have paid off your debts. In case you are looking forward to taking another loan in the near future, you will need this document to prove that your previous loan has been paid off. Usually, this document is issued on spot by your lender if you are paying off the final amount through hard cash. If you are paying via check or NEFT or any other means, the lender will issue the NDC and will either send it to your registered address or will ask you to collect it from the branch office of the lender.
- **Statement of Account (SoA):** The Statement of Account or SoA, along with the NDC will help you prove that your debts have been completely paid off and have been paid on time. This is an optional document which is often issued by certain lenders. If your lender provides this document, you should consider getting it. However, you should also look for any sorts of discrepancies in the credit score. If you find something wrong, you can use the SoA to make the necessary changes to it.

- **Collection of Unused Cheques:** If you have some cheque leaves which have not been used, you should collect those as well. The collection of the No Dues Certificate and the unused cheque leaves, usually, marks the end of the closure process for the loan.
- **Check your Credit Score after Closing the Loan:** This is just a recommendation. It is not compulsory to check the credit score after the closure process ends. However, it is recommended that you check the score to make sure there are no differences in the score. If there are some chances of you availing another loan within 1 to 2 years of the closure of the current loan, it is highly recommended that you check the credit scores right after the closure of the loan.

Personal Loan Disbursement

Personal Loan Disbursement is basically the process of the financial lender remitting the loan amount in the bank account of the customer. The loan disbursement takes place after the submission of relevant documents of the customer and the verification and approval of the financial lender. Financial lenders offer [personal loan disbursements](#) in a few seconds, while others take a few hours to a few days to disburse the loan amount following approval.

How can I Repay my Personal Loan?

There are a number of ways by which you can repay your loan. These include:

- Via Electronic Fund Transfer (EFT)
- By cheque
- By physically paying at a branch of the lender
- Via standing instruction for automatic deduction from your account

Risks and Considerations

Some of the risks related to a personal loan scheme are mentioned below:

- **High Interest Rate:** If your credit score is low, then the bank may charge you a higher interest rate since you might be at a risk of not being able to pay your loan amount on time. Similarly, if you delay the payment of loan or credit card bills, or any other loans, your credit score will drop, making it difficult to apply for a personal loan. If you do apply for a loan in the future, the bank will charge you a higher interest rate.
- **Debt Burden and Financial Implications:** If you avail yourself of a personal loan, then it must be understood that it is a debt you owe to the bank. Hence, it becomes important that you repay your loan on a timely basis. If you fail to repay the loan amount on time, then you would be penalised for it which in turn means you will have to pay more of your pocket, which in turn will deplete your savings further. Hence, always avail a loan amount which you can repay on time and do research all the personal loan schemes before applying for the one most suitable for you.
- **Impact on Credit Score:** If you fail to repay your personal loan on time, your credit score will be affected which in turn will make it more difficult to apply for loans in future. Before applying for a personal loan, make sure you do not have any outstanding amount or EMIs to

be paid to any lenders. Repay all your existing loans and then apply for a personal loan so that your credit score remains high, and you avail a personal loan at a lower interest rate.

- **Hidden Fees and Charges:** Most banks when offering personal loans may also levy certain charges apart from the processing fee. These fees might be prepayment fees, cancellation fees, prepayment fees, etc. Hence, do check or simply enquire with the bank about such fees and charges so that you can decide better the personal loan scheme most suitable for you.
- **Potentially Fraudulent Activities:** There is always a risk of potentially fraudulent activities when you are looking to apply for a personal loan. Top banks and lenders will always conduct their due diligence and will check your credit score, employment status, etc. before deciding to approve your loan application. A fraudulent company will not be interested in your credit score and will promise you approved loans, while also asking you for upfront payment. Make sure you conduct your own research such as whether the company offering you a loan is a registered entity and recognised by the Reserve Bank of India (RBI). If you have received any suspicious links which promise to approve your loan application, do not click on it. Do conduct proper research and check if the loan offering entity is authentic or not and then decide whether to apply for a loan from them.

FAQs on Personal Loans

1. What is the maximum amount of loan I can get?

The maximum amount of loan depends on your monthly income. In India, there are lenders who offer up to Rs.40 lakh.

2. What is a prepayment and how does it help in repaying my loan?

If you happen to get some extra money, you can pay it towards your loan even before the EMIs are due. This is called prepayment. Every prepayment you make goes towards reducing the outstanding principal component of your loan. And since the principal reduces, your interest cost will also reduce. Also, your tenure gets shortened this way, helping you pay off the loan ahead of time.

3. What is the CIBIL score required to avail a personal loan?

Usually, banks will require your CIBIL score to be above 720 to provide a personal loan. In case your credit score is less, your application may be rejected or the personal loan will be provided with high interest rates.

4. What is a Personal loan?

Personal Loan is a type of loan which you can avail to meet your immediate financial requirements. You wish to go on a trip, or need funds for marriage, or simply need cash to purchase any electronic appliance, or for any other reason, then you can simply compare the various personal loan schemes offered by various banks and apply for the one most suitable for you.

5. How does a personal loan work?

You borrow a loan when you require credit. Once you submit your loan application to a lender for a personal loan, the lender verifies and approves it. Post this, the loan amount is disbursed into your bank account. Once you receive the loan amount, you will need to repay the lender via EMIs for the loan repayment tenure.

6. What should I do if my personal loan application is rejected?

If your personal loan application is rejected, then it is mostly either due to your low credit score or you do not meet the eligibility criteria. If you meet the eligibility criteria and improve your credit score, your personal loan application will not be rejected.

7. Can you get a mortgage loan if you have a personal loan?

Yes, you can, but it depends on your income and your ability to pay the EMIs of both the home loan and the personal loan.

8. What can a personal loan be used for?

A personal loan can be used for holidays, to start a small business, purchasing consumer goods, to purchase a vehicle, to pay friends and family, to pay medical bills, and debt consolidation.

9. What is a pre-approved personal loan?

A pre-approved loan is one where the customer can apply for a loan and possibly doesn't need to submit documents or go through the verification process as he/she shares a healthy relationship with the bank as an existing customer and has a clean repayment record.

10. What is Standing Instruction (SI)?

Standing instructions are basic instructions given by a bank customer to the bank to make a payment to another bank account or the bank at regular intervals or as a one-time payment, as per the requirement. As per the instructions, the money in the bank account of the customer will be debited and remitted to another account as per the specified time of the customer.

11. Do personal loans offer tax exemptions?

Personal loans only offer tax exemptions if you are using the loan amount for renovation of your house, to pay for educational expenses, or to expand your business.

12. Can I get a personal loan during Covid-19?

Yes, some of the leading banks in India were offering COVID-19 personal loans. If you wish to apply for a personal loan, you can do so by applying for it online on the bank's official website. Applying online was recommended since the process was fast and hassle-free and allowed you to maintain the social distancing norm laid down by the Government of India. The interest rates offered vary from bank to bank and hence it was recommended you compare various personal loans and then avail the one which you felt was suitable for you. However, due to Covid now being kept under check and with social distancing norms being eased, Covid based personal loan schemes offered by most banks have now ceased to exist. However, you can check with your bank whether they are still offering these types of personal loan schemes to their customers or not.

13. How is my prepayment fee calculated?

This depends on your lender. Some lenders charge you a fixed fee for each prepayment. Others may charge you a percentage of the amount outstanding or a percentage of the amount prepaid.

14. Do personal loan pre-closures have certain terms and conditions?

Yes, financial lenders have their terms and conditions when it comes to personal loan foreclosures. Usually, financial lenders allow loan pre-closures only after the payment of 12 EMIs and charge a foreclosure charge + GST on the outstanding loan amount.

15. How can I get my address changed in my Personal loan account?

You can change your address of residence linked to your Personal loan account via your net banking account or by visiting the bank branch. At the bank branch, you will have to fill in the address-change form and submit relevant address proof documents that are authorised or attested by the State or Central Government.

16. What is the minimum salary that an individual is required to earn to apply for a personal loan?

The minimum salary requirement will vary from lender to lender. Most lenders, however, will require you to earn at least Rs.15,000. If you reside in a metropolitan city, you may have to earn between Rs.20,000 and Rs.25,000.

17. What should I do if I want to repay my loan (partially or in full) during the loan repayment term?

Most lenders will allow you to make pre-payments or pre-close your loan during the loan repayment term. You will, however, have to pay a nominal charge to the lender for doing the same. Keep in mind that most lenders will only allow you to prepay or pre-close your loan after 1 year of borrowing the loan. If you want to prepay/pre-close your loan, ensure that you inform your lender of the same.

18. How do I cancel my personal loan after the loan is disbursed?

You can cancel your loan application before the loan amount is disbursed into your account by submitting a written application for the same. You will also need to pay the loan cancellation fee to the lender. Once the loan amount has been disbursed into your account, most lenders will not allow you to cancel it. You can, however, pre-close the loan. If you are thinking of cancelling your loan because you pay a high interest rate on your loan, you can consider transferring your outstanding loan balance to another bank or financial institution.

19. How often should I repay my Personal loan?

This depends on the lender you choose. Normally, every personal loan repayment is calculated on the basis of a monthly repayment pattern. It includes the principal and interest components that you're expected to repay each month.

20. Are there any charges for prepaying my personal loan?

Some lenders may ask you to pay a fee if you want to prepay a part of your loan. Others may either waive the fee or may not have prepayment charges at all.

21. When will a bank reject my personal loan application?

A bank can reject your personal loan application if you apply for a loan for which you are not eligible. It can also reject your application if you fail to submit the documents it requires.

22. How to Track Personal Loan Application status?

BankBazaar.com offers its loan applicants an active tracking tool through both email and SMS allowing them to track daily updates of their loan application.

23. How do I obtain a Duplicate Repayment Schedule for my Personal loan account?

You can request the bank for a personal loan duplicate repayment schedule either via your net banking account or by calling the customer care unit or by writing to them via your registered email ID.

24. What happens if a personal loan is not paid?

If the borrower fails to pay the EMI, the bank charges a penal interest on the overdue amount. Financial lenders usually charge a penal interest of 2%-3% per month of the overdue amount.

25. Where can I get a personal loan with bad credit and no checking account?

It could be hard to get a traditional personal loan from a bank with a poor credit score and no checking account. However, certain lenders offer types of personal loans such as payday loans for those with a poor credit score. That said, the interest charged will be quite high.

26. Can I pay more than my EMI in personal loan?

Over your EMI, after a certain period following the disbursement of the loan, you can make a part-payment towards the loan. The part payment will further deduct the outstanding principal amount of the loan.

27. What is the easiest personal loan to get?

Compare and apply online for personal loans at BankBazaar and get an instant assistant from them.

28. How much loan can I get if I earn a monthly salary of Rs.60,000?

For personal loans, most lenders fix the minimum monthly income requirement between Rs.15,000 and Rs.25,000. Thus, if you have a monthly income of Rs.60,000, you can be fairly certain that you won't find it difficult to borrow a loan. The exact amount that you will be offered will, however, vary based on your repayment capacity, debt-to-income ratio, the lender's terms and conditions, etc.

29. How much loan can I get if my salary is Rs.25,000?

With a monthly salary of Rs.25,000, you are likely to be eligible to borrow a loan. However, the lender will also check if you have any other outstanding loans, your credit score, repayment capacity, etc. before deciding how much you can borrow. You can use a personal loan eligibility calculator tool to know how much you are eligible to borrow with a monthly salary of Rs.25,000