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education loan are. Loan write-off or waive-off Debt arbitration Cheque bounces There are plenty of ways to take a loan even when you don't have the minimum CIBIL score for an education loan. Some of them include: Approach A Government banks like the Bank of Baroda, SBI, PNB, etc., have a lower CIBIL score for education loans. You can borrow money for education even with a score of 650 on your credit report when you apply for a secured loan. For instance, you can take an education loan for overseas education from SBI with a CIBIL score of 650. Taking A Secured Loan or Line of Credit (LOC) When you take a loan against collateral, it provides the bank with a guarantee that you will repay the loan promptly, lowering the risk of default. The collateral can be gold, private property, shares, or other valuables. Source Banks and financial institutions are ready to offer secured loans to applicants with a low CIBIL score for education loans. Collateral should be of sufficient value and free of any disputes for the bank to approve an education loan. If your CIBIL score is low or you don't have one to start with, you can get a joint loan with a guarantor or co-applicant. Most banks and financial institutions approve a joint loan quicker too. In addition, the lender can cut you a better deal if your guarantor has good credit history and CIBIL score. You can always ask your parents to be your guarantor since there are no restrictions. Opting For A Smaller Loan First When your CIBIL score for an education loan is low, a lender will see you as a risky client. This is true, especially when you are applying to borrow a huge sum with a low CIBIL score. One way to get around this is to apply for a lower sum and repay it yearly. You can take a loan to pay for the first year of college and build your creditworthiness by repaying it in time. You can then approach the bank for a higher-sum loan to pay for the rest of your education. Repaying a small loan will be easier on your wallet and help build your CIBIL score. Borrowing From A Non-Banking Financial Company (NBFC) When your CIBIL score for an education loan is too low, it is better not to borrow from a bank. The assessment process for a bank loan application will be strict and tedious, especially when your credit score is bad. Source: NBFCs, on the other hand, have comparatively relaxed policies against lending to people with low credit scores. Although NBFCs demand a higher interest rate. Presenting Proof Of Income To Show Your Ability To Repay The Loan If you have a steady source of income, you can show proof of income to guarantee your ability to repay the loan. Evidence of salary, annual bonuses, or other sources of income can be used to substitute a poor CIBIL score. It will show your financial stability, and you can pair this method with borrowing a smaller amount first to show your creditworthiness before taking a bigger loan. Providing Records Of On-Time Repayment Of Other Bills Your CIBIL score for an education loan is based on your repayment records for current and past debts. If you have not taken a loan before applying for your education loan, you will not have a CIBIL score. You can also add repayment records of utility bills to show that you are creditworthy. This might help slightly with getting your loan application approved. Checking And Resolving Credit Report Errors Misreporting and mistakes are common in credit reports. It happens so often that you should double-check your credit report to see if all the claims are true. Act promptly and get any mistakes corrected as soon as you notice them. Also, review the CIBIL score for education loans every six months to ensure it is error-free. In addition, make sure your credit report is revised regularly. Source: Non-Banking Financial Companies (NBFCs) have emerged as a viable option for education loans, offering flexible terms and competitive interest rates. Here are five prominent NBFCs that specialize in education loans: HDFC Credila Avanse Financial Services Auxilo Finserve InCred Finance Eduvanz Education Loans To help you compare the offerings of these NBFCs, we've compiled a table with key details: Amount Interest Rate Tenure HDFC Credila No upper limit 10-14% Up to 12 years Avanse Up to 100% financing 10.5-16.5% Up to 15 years Auxilo Up to ₹90 lakhs 10.25% onwards Up to 12 years InCred Up to ₹60 lakhs 11-13% Up to 10 years Eduvanz Up to ₹100 lakhs 15-45% Up to 5 years A low CIBIL score for an education loan might not be the only reason behind the rejection of a loan application. Other factors that come into play are Students who have secured a management quota admission due to poor academic records have a lower possibility of securing a loan. This reduces your creditworthiness too. Banks are more likely to reject your application even when you have the required CIBIL score for an education loan if the college is not well recognized. You'll not be able to secure a loan if the college has a poor placement record too. Some fields of study have a higher potential for earning, and banks are ready to provide education loans to students opting for them. For instance, you are much more likely to secure a loan if you apply for medicine, engineering, or management. When the sum is higher than ₹ 7.5 lakhs, the bank will need a guarantor or co-applicant. Then the bank will reject your loan application if you cannot meet this requirement. Note that you can borrow less than ₹ 4 lakhs without a guarantor. Students of foreign countries and non-residential Indians will not be able to secure an education loan in India because of higher risk. Source After understanding the potential reasons for education loan rejection, it's clear that one effective way to avoid rejection is to apply to a university where the cost of studying isn't prohibitively expensive. However, the university should still be a reputable institution with good global rankings, a strong alumni network, and solid recent placement records. Finding such universities can be challenging, but that's where SelectRight can make a difference. SelectRight leverages an advanced AI-driven platform that analyzes over 8 million data points from more than 40,000 programs across the globe. This allows it to match your academic profile, career goals, and financial situation with the best universities that offer a high return on investment (ROI). The platform eliminates guesswork, ensuring that you apply to institutions where you have a strong chance of admission, financial aid, and a successful post-graduation career. Here's how SelectRight works: Create your profile on the SelectRight platform, entering your academic background, test scores, and career aspirations. The AI algorithm processes your data and generates a shortlist of universities that best match your profile and goals. Compare these options using detailed insights on tuition fees, alumni networks, and placement records. Receive guidance from unbiased experts to help you make the best decision. Connect with alumni, faculty, and peers from your shortlisted universities to build a strong network before you even apply. Once you've identified the ideal university, the next step is securing an education loan that you can easily get approved, without overpaying or accepting less-than-ideal terms. This is where FundRight comes in. Finding the right loan product from multiple lenders can be challenging, especially when students are focused on their studies. FundRight makes this process extremely simple. It is the world's first loan-bidding platform that helps you easily identify the best loan option available. To get started, register on FundRight and fill out your profile with details about your course and financial requirements. Provide information about the university you wish to attend, admission status, and the loan amount you need. Within two days, you'll receive competitive loan offers from 15 leading banks and NBFCs, tailored to your needs. You can also securely upload your documents through FundRight and get your loan approved in 10 days. Over 60,000 students have already used FundRight to secure their education loans, saving up to ₹23 lakhs in the process. If you're aiming for Spring '25 admissions, sign up with FundRight today to secure the best education loan for your future. A few lenders do not require a co-applicant or guarantor for an education loan. A thorough research can help solve this dilemma. 2. What expenses does an education loan cover? You can use an education loan to pay the following - Library, lab, and other fees- Hostel fees- Tuition- Cost of uniform and books 3. Who can be a co-borrower? Ideally, your parents or guardians can be your co-borrower or co-applicant. If you are married, your spouse can be your co-borrower too. 4. Is there a maximum limit on education loans? Yes, most lenders will limit education loans to ₹10 - 15 lakhs if you're studying in India and ₹20 - 30 lakhs if you're studying abroad. 5. What is the minimum CIBIL score for an education loan? The ideal CIBIL score for an education loan is 750+. It can become difficult to secure a loan if your CIBIL score is lower than 600.