

**Study of  
Personal  
Loan Service  
Provided By  
ICIC Bank**

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## **Introduction**

Today, an increasing number of people are applying for Personal Loans to meet their larger expenses. One of the reasons for the significant rise in the growing popularity of Personal Loan is that being an unsecured loan, it does not require any collateral and the processing time is quick. You can easily avail of a Personal Loan from any bank or a non-banking financial company of your choice. With the advent of the online services offered by the financial institutions, you can get the money within 48 hours.

The major characteristics of a personal loan are a debt incurred by an individual consumer rather than business loan or line of credit granted to a company or corporation. Mortgages are usually the largest debt that individuals incur in a lifetime, although some educational loans are also quite large especially for post baccalaureate education. Automobile loans are another common type of personal loan. Personal loans can be obtained from banks or finance companies. Banks loans are usually the most difficult to qualify for, requiring significant collateral, substantial income and a favorable credit rating in exchange for lower interest rates and more advantageous payment schedules. Short term loans and credit cards require no collateral but offset this convenience by charging high interest rates, imposing restrictive payment terms, or both.

## **What is Personal Loan?**

Personal Loan is an unsecured credit provided by financial institutions based on criteria like employment history, repayment capacity, income level, profession and credit history. Personal Loan, which is also known as a consumer loan is a multi-purpose loan, which you can use to meet any of your immediate needs.

A personal loan is an amount of money you can borrow to use for a variety of purposes. For instance, you may use a personal loan to consolidate debt, pay for home renovations, or plan a dream wedding. Personal loans can be offered by banks, credit

unions, or online lenders. The money you borrow must be repaid over time, typically with interest. Some lenders may also charge fees for personal loans.<sup>1</sup>

## **Different Types of Loans in India**

Following are the different types of bank loans in India that are provided by the banks and financial institutions:

### **Secured Loans**

Secured loans are those loans that are provided against security. The borrowers need to furnish security for availing of secured loans. In the case of secured loans, lenders face a lower risk of default by the borrower. In case the borrower is unable to repay the loan, then the lender can sell the asset to recover its dues. This is the main reason why secured loans carry a lower interest rate than unsecured loans.

### **Unsecured Loans**

These are the exact opposite of secured loans. Unsecured loans are provided against the income or the prospective income-earning capacity of the borrower. Regarding unsecured loans, the borrowers are not required to furnish any security. The lenders extend unsecured loans based on the documents provided by the borrower, their income potential, and their CIBIL history. Unsecured loans increase the risks of the lender because, in case of default by the borrower, there is no security available with the lender from which it can recover its dues. This is the reason why lending institutions charge a higher interest rate for unsecured loans.

Following are the different types of secured loans:

### **Loan Against Mutual Fund**

If you need funds, instead of selling your mutual fund units, you can get a loan against them. You can pledge your mutual funds holdings as collateral with the bank or NBFC for a loan. The amount of loan you can get against your mutual funds depends on the mutual fund type and scheme.

As the value of mutual funds changes every day and is market-linked, lenders generally offer lower loan-to-value (LTV) on loans against mutual funds. For instance, banks like HDFC Bank and ICICI Bank offer up to 50% of the NAV as a loan in case of equity mutual funds. And, the LTV ratio goes up to 80% in the case of debt mutual funds. However, not all banks offer loans against mutual funds facilities to borrowers.

The one advantage of taking a loan against mutual funds compared to selling them is you continue to earn returns on the pledged mutual fund holdings.

### **Loan Against Securities**

Loans against securities are offered when you pledge your shares, mutual fund units, or life insurance policies as collateral to the bank or NBFC. A loan against securities is typically offered as an overdraft facility, where you pay interest only on the amount you use.

For example, the bank offers you a Rs 2 lakh loan by pledging your securities worth around Rs 4 lakh. You draw only Rs 1 lakh from your loan account and repay the amount within six months. Here, you will pay interest only on the amount drawn, i.e., Rs 1 lakh for six months, not on the entire sanctioned loan amount.

### **Vehicle Loans**

As the name suggests, this loan is available to purchase two-wheeler or four-wheeler vehicles for personal use. Lenders generally offer up to 90% of the value of the vehicle's on-road price as loan amount. Until you repay the loan amount, the bank keeps the title of the car as collateral during the loan tenure.

The maximum loan repayment tenure offered on car loans is 84 months or 7 years, while on a two-wheeler, it is 60 months or 2 years.

To be eligible for the vehicle loan amount, you must show the minimum net monthly income (which differs across vehicle class) and a good credit score.

## **Home Loan**

Purchasing a house is a dream for many of us, but you need to make a heavy investment to buy a house. But with a home loan, buying a house for yourself is easier. As the name suggests, a home loan is given to purchase a house or flat, purchase a plot to construct a house, make home improvements, or make home repairs or renovations.

A home loan allows you to buy a house in EMI instead of paying the full price of the house all at once. Here, you can borrow most of the money you need—around 80% of the house's total cost and repay it over the desired loan tenure. These loans are generally offered for longer tenure, like 15-30 years. In this loan, your house is treated as collateral against the loan; hence, these loans are offered at lower interest rates. Also, the lender will own the house until you've fully paid off the loan. When considering a home, it is essential to plan your budget wisely. You can use the [Home Loan EMI calculator](#) to calculate your EMI amount and plan accordingly.

## **Gold Loan**

Gold loan is another popular type of secured loan in which you can borrow money in exchange for your gold jewellery or ornaments. You can get this loan from financial institutions such as a bank or a non-banking financial company (NBFC). It is generally given for shorter tenure, such as 6 months or 12 months, and can be extended further if required.

A gold loan is specifically granted against the value of your physical gold. Hence, unlike a home loan, other requirements, such as credit check, income proof, etc., are not required. The maximum loan amount depends on the gold offered as collateral value. Typically, you can get up to 75% of the market value of your gold jewellery. Since gold is kept as collateral, these loans are generally given at lower interest rates as compared to unsecured loans. If you fail to repay the loan, the lender can sell the gold to recover the outstanding amount.

## **Mortgage Loan**

Mortgage loans can be availed by providing immovable assets like residential property, and commercial property as collateral to the lender. The lender keeps the assets until you repay the loan. For example, a loan against property (LAP) can be classified as a mortgage loan.

A mortgage loan can be used for any purpose like to finance your child's education, wedding, starting a business, cover medical bills, and so on.

## **Share-secured or Savings-secured Loans**

A share-secured or savings-secured loan is a [type of personal loan](#) that is secured using the balance in your savings account.

When you avail of savings-secured loans, the bank freezes the amount in your savings account, you would like to borrow. Compared to unsecured personal loans, savings-secured loans have a lower interest rate and can be extremely useful in rebuilding your credit score.

## **Secured Credit Cards**

A secured credit card is a type of credit card in which you must deposit some money in a fixed deposit in the bank as collateral before receiving the credit card. The spending limit on the credit card depends on the amount you have deposited in the fixed deposit.

This type of credit card is appropriate for applicants with poor credit or who do not have a steady source of income.

## **Secured Lines of Credit**

A line of credit is an arrangement with your bank, where you can borrow at any time against the sanctioned limit. The borrower can repay the amount as per their cash flows

and convenience within the agreed terms and conditions. As the money is repaid, the borrower can again borrow from that line of credit. It's like a revolving credit system.

In the secured line of credit, the borrower maintains an immovable property as collateral with the bank to secure the line of credit to get favorable terms on the loan agreement and lower interest rates. In case, the borrower fails to repay the loan, the bank will sell the immovable property to recover the loan amount.

### **Car Title Loans**

A car title loan is a type of short-term loan where the borrower uses their car as collateral to avail of the loan amount. It allows you to borrow up to 25 to 50% of the value of the car as a loan.

The lender places the lien on the borrower's car title and the title is returned when the borrower repays the loan amount with due interest. One of the biggest advantages of title loans is they don't affect the credit score of the borrower and are the quickest way to avail of a loan.

### **Life Insurance Loans**

The loan amount availed by pledging your life insurance policy as collateral is called a life insurance loan. It is offered only against whole-life insurance policies and money-back policies, where there is a cash value component at maturity. You cannot borrow against the term life policy as there is no maturity benefit involved.

Banks or NBFCs, generally offer no more than 90% of the policy's cash value as a loan to the borrower.



## **Bad Credit Loan**

A bad credit loan is typically designed for borrowers with low or no credit score. Lenders generally avoid offering loans to borrowers with low credit scores, since there is a high risk of defaulting on the repayments.

An individual must provide collateral such as gold, financial assets, and property to avail of the bad credit loan. Compared to other types of secured loans, the interest rate on bad credit is significantly higher.

## **How Does Secured Loan Work?**

A secured loan works on the fundamental principle of collateral security. When an individual applies for a secured loan, the lender evaluates the creditworthiness of the individual and the value of the collateral to determine eligibility.

If the value of the collateral is more than the loan amount and has a good credit score with a steady income source, then the lender will approve the loan and disburse the loan amount to the borrower.

The borrower agrees to repay the loan amount along with due interest and fees according to the agreed-upon terms, and in failure to repay the loan amount in full, the lender reserves the right to sell the collateral to recover the outstanding balance.

Once the borrower repays the entire loan amount with interest and fees, the lender releases the claim on the collateral. Because the risk of loss on secured loans is low for lenders, they can offer lower interest rates to borrowers than on unsecured loans.

## Secured Loans Features

- **Collateral Requirements:** The loans are secured and backed by the collateral provided by the borrower. In secured loans, the loan amount should not exceed the value of collateral as it serves as a security for the lender in case the borrower defaults on repayment. There is no need for a guarantor on a secured loan.
- **Lower interest rate:** As loans are backed by collateral and carry less risk of loss for the lender, the interest rate offered on such loans is low compared to the unsecured loans.
- **Higher Loan Amount:** Secured loans can help you to get a higher loan amount based on the value of the collateral.
- **Structured Repayment Terms:** Secured loans come with a structured repayment plan, which includes the tenure of the loan, monthly payment amount, and interest rate.
- **Ownership Retention:** The borrower retains the ownership of the property during the loan tenure. Only the title documents of the property are kept by the bank without transferring the ownership.

## Secured Loans Benefits

- **Lower interest rate:** Banks and NBFCs provide lower interest rates on secured loans as they are sure that their money is protected by the collateral given by the borrower.
- **Higher loan amount:** The borrower gets access to a higher loan amount depending on the value of the collateral. The bank or NBFC will approve the loan amount close to the value of the collateral.
- **Tax Benefits:** In many secured loan types like home loans, tax benefits are offered on interest payment and principal repayment.

- **Better Terms & Conditions:** Borrowers usually get better terms & conditions on secured loans, cheaper processing fees, and faster documentation and approval process.
- **Minimum Income Required is Far Lesser:** Because secured loans have a longer repayment tenure than unsecured loans, the EMI amount is spread out over a longer period, lowering the EMI amount. This reduces the minimum income amount required to be eligible for secured loans.

### **Secured Loans Disadvantages**

- **Risk of collateral loss:** The primary drawback of secured loans is there is a risk of collateral loss, if you fail to repay the loan amount along with interest in full. Lenders have the legal right to seize and sell your assets in such a case.
- **Collateral Valuation:** The loan amount is determined by the value of the collateral. If the value of collateral is lower than expected, you will receive a smaller loan amount. The lender also independently evaluates the value of the property before approving the loan.
- **Credit Score Impact:** A repayment default on a secured loan significantly impacts the credit score, making it more difficult to obtain a loan in the future.
- **Heavy documentation process:** A secured loan requires a lot of paperwork, from providing the usual KYC documents (ID Proof, Address Proof), along with the documents related to the assets. The documentation process is tedious and time-consuming.
- **Longer approval time:** Before approving the loan, the bank or NBFC independently verifies the property's ownership and checks whether it is free of any legal disputes. The entire process is time-consuming, and approval of the loan takes longer than for unsecured loans.

## How to Prevent Default in a Secured Loan

Avoiding a default on a secured loan is very important to protect your collateral and credit score. The following are the steps you can take to prevent a default on a secured loan:

- **Assess Your Financial Situation:** Before applying for a secured loan, evaluate your financial situation. Check if you can commit a part of your income for loan repayment for a longer duration along with your other financial obligations.
- **Borrow Wisely:** Banks and NBFCs will always encourage you to borrow the maximum amount possible against the collateral provided. However, you should only borrow the amount you can afford to repay.
- **Choose the Right Loan Tenure:** Select the loan tenure that aligns with your financial goals and ability to repay. A long tenure will ensure a lower EMI amount that reduces the chances of default. But, having a longer tenure will result in higher interest costs.
- **Communicate with Your Lender:** If you are facing challenges in servicing your loan, you should contact your lender immediately. You can either ask your lender for a moratorium on EMI payments or modify the loan repayment schedule.
- **Build an Emergency Fund:** Always have an emergency fund that covers your expenses for at least six months. Having an emergency fund reduces financial strain and gives you time to plan your finances.

## Why are secured loans offered in the market?

**For lenders,** secured loans open up multiple opportunities and grow their business. The following are ways it benefits lenders.

- Helps them to give out larger loan amounts at lower risks.

- Allows them to offer loans at competitive rates and attractive terms to creditworthy borrowers.
- Offer diverse financing options to customers like home loans, car loans, mortgage loan.
- Help in building long-term relationships with the customers which may help in driving more business.
- Stability and predictability in earnings as they can forecast their cash flows and manage them effectively.

**For borrowers**, secured loans offer many advantages, making them a helpful financial tool for individuals and businesses. Here's how secured loans benefit borrowers:

- Can borrow higher loan amounts at lower interest rates.
- Improves the approval odds as the loan amount is secured by the collateral.
- Longer repayment tenure resulting in lower EMI amount.
- Predictable monthly payments of EMI.
- Allows borrowers to use the assets for various purposes without giving up the ownership.

## **Types of Unsecured Loans**

Following are the different types of unsecured loans that borrowers can avail of from the lending institutions:

### **Personal Loans**

These are one of the most sought-after bank loans in India. Personal loans are loans extended by banks or financial institutions without any collateral security. It is essentially a loan against the income of the borrower. The key features of personal loans are that it does not require any collateral security, and there is no restriction as to the end use of the borrowed funds. The borrower can utilise the amount borrowed for any purpose, be it medical emergencies, marriage, education of the children, purchasing any asset or travelling. The amount of personal loan that a borrower can avail of

depends upon the income of the borrower and his/her CIBIL score. Further, the rates of interest on personal loans can range anywhere from 8% per annum to 10% per annum.

### **Short-term Business Loans**

Uncertainties can strike the business anytime. In case a business is facing a financial crunch, then it can go for short-term business loans. These bank loans are structured to help businesses meet short-term uncertainties and financial crises. The eligibility criteria are simple, and the amount of loan that can be disbursed depends upon the profitability of the business and the profile of the borrower. The interest rates for short-term business loans can be anywhere between 1% and 1.5% per month, i.e., 12% to 18% per annum. The reason that business loans attract a higher interest rate than personal loans is that there is a chance of loss of borrowed funds in the business. In such cases, the risk falls on the shoulders of the lenders.

### **Education Loans**

The cost of education is rising at a rapid pace. If one wants to pursue quality education, then he/she needs to shell out lakhs of rupees. In such cases, an education loan provides monetary assistance. The interest rate on education loans can start from 8.85% per annum, and the amount of the loan depends upon the cost of education. The repayment for education loans usually begins 12 months after completion of the education.

### **Credit Cards**

Many banks offer credit cards. These are great tools as one gets to spend using the credit card without actual cash outflow. The grace period provides the time for repayment to the credit card holder. However, credit cards are unsecured in nature. Further, they come with an option to convert the outstanding balance to a loan if the credit card holder requires it. This becomes an unsecured loan for the borrower. One of the major drawbacks of credit card is that it attracts a very high interest rate. The credit card interest rate can be anywhere between 18% and 36% per annum. Further, like any other loan, credit cards also have a great impact on the CIBIL score.

If you are a business owner or self-employed, the lender will determine the loan amount based on the profits earned and recorded in the profit and loss statement. If

you are a salaried professional, the lender will determine the amount based on your salary and other liabilities.

## **Types of Personal Loan**

Apart from the regular **personal loan schemes**, several banks and NBFCs offer various personal loan variants to help their customers meet their unique financial requirements. The broader features such as tenure, processing fees, etc. offered on these loan variants are more or less the same as those offered on regular personal loans. *Here is a brief description of some of the personal loan variants.*

- Instant Personal Loan
- Short Term Personal Loan
- Pre-Approved Personal Loan
- Personal Loan Balance Transfer
- Personal Loan for Education
- Top Up Personal Loan

### **Instant Personal Loan**

Instant Personal Loans are usually pre-approved loans with instant disbursements. These loans are usually offered by banks and NBFCs to their select customers on the basis of their credit profiles.

### **Short Term Personal Loan**

Short-term Personal Loans have short repayment periods usually ranging from a few days to 12 months. They are usually ideal for borrowing smaller loan amounts. Such loans are usually offered through end-to-end digital process, thereby, ensuring quicker loan approval and disbursements to the applicants.

### **Pre-Approved Personal Loan**

Pre-approved Personal Loans are usually offered by banks and NBFCs to their existing customers on the basis of their credit history, income, employer's profile, etc.

### **Personal Loan Balance Transfer**

Personal Loan Balance Transfer (PLBT) facility allows borrowers to transfer their outstanding personal loan to a new lender for lower interest rates or better loan terms. However, opt for this facility only when the savings made through the transfer outweighs the cost of the loan transfer.

### **Top Up Personal Loan**

The top up is offered to existing personal loan borrowers who need additional funds to meet their financial requirements. This loan facility is usually offered to select borrowers having satisfactory loan repayment history and/or have completed a specified number of EMIs.

### **Personal Loan for Higher Education**

Personal Loan for Education is for individuals requiring funds for pursuing higher education in India and abroad, vocational courses, etc., and are unable to get a conventional education loan.

## **Personal Loan Schemes Offered by Top Banks**

Given below are a few personal loan schemes offered by some of the leading banks and NBFCs in India:



Top Personal Loan Schemes and Offers	
SBI Personal Loan	HDFC Bank Personal Loan
ICICI Personal Loan	Axis Bank Personal Loan
Yes Bank Personal Loan	Bajaj Finserv Personal Loan
TATA Capital Personal Loan	Kotak Mahindra Personal Loan
IDFC Personal Loan	RBL Personal Loan
UCO Bank Personal Loan	PNB Personal Loan
Canara Bank Personal Loan	Indusind Bank Personal Loan

## ICICI Bank Personal Loan

ICICI Bank extends personal loan to cater to the varied financial requirements of its borrowers. The bank also offers Fresher Funding, a special scheme for funding immediate and other financial requirements of younger salaried individuals. For its select existing customers, the bank offers overdraft facility, pre-approved offers and top up loan facility. Its pre-approved offers feature minimal documentation and 3-second disbursements.

- Interest rate: 10.80% p.a. onwards
- Loan Amount: Up to Rs 50 lakh
- Tenure: 1 to 6 years
- Minimum Salary: Rs 30,000/month
- Age: 23 to 58 years for salaried and 25 to 65 years for self-employed
- Processing Fee: Up to 2.5% of loan amount

## HDFC Bank Personal Loan

The **interest rates of HDFC Bank personal loan start from 10.50% p.a.** The tenure of the scheme can go up to 6 years whereas the loan amount can go up to Rs 40 lakh.

The bank also offers pre-approved loans with '10 second disbursal' to its select existing customers based on their credit profiles.

- Interest Rate: 10.50% p.a. onwards
- Loan Amount: Up to Rs 40 lakh
- Tenure: Up to 6 years
- Minimum Salary: Rs 25,000 per month
- Age: 21-60 years
- Credit Score: At least 650
- Processing Fee: Up to Rs 4,999

## **Axis Bank Personal Loan**

Axis Bank's Personal Loan covers expenses related to wedding, home renovation, travel, medical emergency and much more. The bank also extends pre-approved offers to its select existing customers. Such offers have digital processing and instant approvals. Axis Bank has also collaborated with Paisabazaar to extend its select customers pre-qualified offers.

- Interest rate: 10.49% p.a. onwards
- Loan Amount: Rs 50,000 to Rs 40 lakh
- Tenure: 1 to 7 years
- Age: 21 to 60 years
- Minimum Monthly Salary: Rs 15,000
- Processing Fee: Up to 2%

## **Kotak Mahindra Bank Personal Loan**

Kotak Mahindra Bank offer loans only to salaried individuals. Existing borrowers of other banks/NBFCs can avail balance transfer facility to transfer their outstanding loan to Kotak Bank at lower interest rates. Those exercising balance transfer facility can also avail top up loans of up to 100% of their loan amount. Kotak Mahindra Bank also offers

overdraft facility, giving borrowers the flexibility of withdrawing their funds from their loan account anytime and repaying it as per their convenience.

- Interest Rate: 10.99% p.a. onwards
- Loan Amount: Up to Rs 40 lakh
- Tenure: Up to 6 years
- Credit score: At least 700
- Age: 21-60 years
- Minimum Monthly Salary: Corporate Borrowers – Rs 25,000, Non-corporate Salary Borrowers – Rs 30,000, Employees of Kotak Mahindra Bank – Rs 20,000
- Processing Fees: Up to 3% of loan amount

## **IndusInd Bank Personal Loan**

IndusInd Bank offers multiple personal loan schemes including wedding loan, home renovation loan, loan for medical expenses and loan for education. The bank also offers balance transfer facility to existing borrowers of other banks and NBFCs. For those requiring quick financing, the bank extends instant online loans with quick processing and loan approvals.

- Interest Rate: 10.49% p.a. onwards
- Loan Amount: Rs 30,000 to Rs 50 lakh
- Tenure: 1 to 5 years
- Age: for salaried – 21 to 60 years and for self-employed – 25 to 65 years
- Processing Fee: Up to 3.5% of the sanctioned loan amount
- Minimum Salary: Rs 25,000/month

# Features of Personal Loan Overdraft Facility

## 1. Interest Rate

The interest rates for personal loan overdraft are charged only on the amount withdrawn and not the entire sanctioned limit. However, the interest rate levied on the amount is usually higher than the term loans. Thus, personal loan overdraft would be best suited for those capable of repaying their dues within very short periods, say 2-3 months.

### Comparison of Personal Loan Interest Rates (Term Loan vs Overdraft facility)

Banks/NBFCs	Interest Rates (p.a.)	
	Term Loan (Personal Loan)	Overdraft (Personal Loan)
SBI	11.15%-15.30%	11.40%-12.15%
Kotak Mahindra Bank	10.99% onwards	12.75%
Tata Capital	10.99% onwards	13.55%

## 2. Credit Limit

Personal loan borrowers can borrow the loan amount only up to the sanctioned limit. The overdraft limit is sanctioned based on the credit profile, monthly income, cash flow statements, etc. The borrower can withdraw from the sanctioned credit limit any number of times and repay them in entirety or in parts as per their cash flows.

## 3. Process

Lenders usually take around 2-7 working days to disburse the loan amount for personal loans from the date of application. The turnaround time for personal loan overdraft facility should be similar to that of regular personal loans. Some lenders also offer pre-approved personal loans to its select customers with quicker disbursal. Such lenders

may also offer pre-approved overdraft facility to its select borrowers with instant disbursal.

## **4. Tenure**

Personal loan overdraft facility is usually offered for tenures of up to 5 years. However, some lenders might also offer overdraft facility for shorter tenures with the option of renewal at the end of the original tenure.

### **Repayment flexibility**

Borrowers have the flexibility to repay their loan as per their cash flows. Some lenders require the borrowers to service the interest component on monthly basis.

## **6. Prepayment Charges**

Unlike term personal loans, there is no repayment schedule in personal loan overdraft facility. Borrowers have the flexibility to repay the principal component as per the availability of funds without incurring any prepayment charges. As per RBI guidelines, lenders are not allowed to levy any prepayment charges on the applicants availing term personal loans at floating rates. However, they are free to levy prepayment charges for fixed rate personal loans.

## **Eligibility Criteria for ICICI Bank Personal Loan**

ICICI Bank has set its personal loan eligibility criteria based on the job profile, age, minimum monthly income, total work experience, business vintage (incase of self-employed individuals) of its personal loan applicants. Below mentioned are the ICICI Bank Personal Loan eligibility criteria set by ICICI bank.

## **For Salaried Individuals**

- Minimum age of the applicant should be 23 years at the time of loan application and maximum age should be 58 years at the time of loan maturity
- Minimum monthly income requirement for ICICI Bank Personal Loan is Rs 30,000
- Applicants having a minimum work experience of at least 2 years are eligible for availing personal loan from ICICI Bank
- Applicant applying for personal loan should have stayed in the current residence for at least 1 year

## **Personal Loan for Salaried**

Banks and NBFCs prefer lending personal loans to salaried applicants due to their higher income certainty. Salaried applicants working with government or PSU entities are the most preferred due to their higher job security. They are followed by private sector employees working with top corporates and MNCs. Many lenders also offer preferential interest rates to those working with government/PSUs and top corporates/MNC.

Other factors considered while setting interest rates for salaried applicants include age, monthly income, job profile, employer's profile, credit score, etc. Some lenders also offer pre-approved instant personal loans with quick loan disbursement to select customers. They also provide personal loan overdraft facility to their applicants.

## **Features of Personal Loans offered to Salaried Employees**

- Salaried individuals are offered instant personal loans at 10.49% onwards.
- The maximum loan amount is Rs 40 lakh.
- The loan tenure is generally up to 5 years. Some lenders might offer loans for up to 7 years also.
- There is no end usage restriction on personal loans for salaried, except for speculation.

- The processing fee is usually up to 4%. Some banks/NBFCs also offer processing fee waivers during special festive offers.
- Many lenders also offer pre-approved instant personal loans to select customers based on their monthly income, age, banking history and other aspects of their credit profile.

### **Eligibility Criteria for Salaried Employees availing Personal Loan**

- **Age:** 21 years (at the time of loan application) and 60 years or retirement age (at the time of loan maturity)
- **Nationality:** Indian resident
- **Profession:** Employees working in private limited company or public sector undertakings with an experience of at least 1 year
- **Minimum Monthly Income:** At least Rs 15,000
- **Credit Score:** 750 and above can increase the possibility of availing personal loan for salaried and at lower interest rates

### **Personal Loan Documentation for Salaried Applicants**

- ID proof
- PAN card
- Signature proof
- Address proof
- Employee ID card
- Last 3 months' salary slips
- Bank statements for past 6 months
- Latest ITR/Form 16

### **For Self-Employed Individuals**

- Self-employed individuals should be at least 28 years old at the time of loan application and 65 years at the time of loan maturity. However, the minimum age requirement for doctors applying for ICICI Bank Personal Loan is 25 years.

- Minimum turnover eligibility requirement is Rs 40 lakh for non-professionals and Rs 15 lakh for professionals, as per audited financials.
- Minimum profit earned after tax deduction should be at least Rs 2 lakh for proprietorship firm or self-employed individuals and Rs 1 lakh for non-professionals, as per audited financials.
- Applicant should have been in the current business for at least 5 years. Doctors applying for personal loans should have a stable business for at least 3 years.
- Applicant should have at least 1 year liability relationship/asset relationship with the bank either existing or closed in the last 3 years

### **Personal Loan for Self-employed Professionals/Non- professionals**

While most banks and NBFCs do not disclose the interest rates offered to self-employed, the undermentioned table can help you in selecting your lender on the basis of their interest rates.

<b>Personal Loan for Self-employed - Highlights</b>	
Interest Rate	10.25% - 24% p.a.
Loan Amount	From Rs. 50,000 to Rs. 40 lakh
Collateral/Security	Not required
Repayment Tenure	From 12 months to 60 months
Loan Processing Time	From 1-5 working days
Processing Fee	From 1% to 5% of the sanctioned loan amount

Note: The above-mentioned interest rates, fees and charges may change and shall depend on the sole discretion of the banks/NBFCs.

### **Personal Loan Interest Rates for Self Employed**

Starting from a minimum of 10.25% p.a., personal loan interest rates for self-employed professionals and self employed non-professionals may vary from



individual to individual depending upon his/her credit score, loan amount, age, repayment ability, etc.

### **Eligibility Criteria for Personal Loan for Self-employed Individuals**

- You should be a self-employed professional/non-professional
- You should be at least 21 years old
- Minimum credit score should be 750 or above
- Your annual income should match the eligibility criteria set by the bank
- Your business should be running for at least 2 years

### **Documents Required for Loan Application**

- Duly filled application form with passport-sized photographs
- **ID Proof:** Aadhaar Card, PAN Card, Voter ID Card, Driving License, Passport, etc.
- **Address Proof:** Ration Card, Utility Bills (Electricity Bill, Phone Bill, etc.), PAN Card, Aadhaar Card, Voter ID Card, etc.
- **Business Proof:** Proof of Business Existence, Certificate of Incorporation, Certificate of Registration with Appropriate Registration Body
- **Income Proof:** ITR of Past 2 years, Certified Profit and Loss Statement
- Any other document required by the bank

### **Factors Affecting Personal Loan Interest Rates**

- **Credit score:** Before approving a personal loan, lenders check the applicant's credit score to evaluate his creditworthiness. A good credit score (above 750) indicates that you have been disciplined with your repayments and the lenders do not hesitate to offer you a lower interest rate
- **Tenure of business:** If your business is running in profit for at least 2 years, you get a personal loan at a low-interest rate due to stability in business
- **Relationship with the bank:** If you already have a current or savings account with the bank or you have an existing loan that you have been repaying regularly, you may get a personal loan with a lower interest rate

## **Documents Required for ICICI Bank Personal Loan**

### **For Salaried**

- ID Proof (any 1): Driving License, Passport, PAN Card, Voter ID
- Address Proof (any 1): Passport, Utility Bill less than 3 months old, Leave and License Agreement
- 2 passport size photographs
- Bank Statement for last 3 months with salary and income credits
- Salary slips for last 3 months

### **For Self-Employed**

- KYC Documents: ID Proof, Address Proof, Date of birth proof
- Residence Proof: Passport, Leave and License Agreement, Utility Bill not more than 3 months old
- Income Proof
- Proof of office address
- Bank Statement for last 6 months
- Residence Proof or Office ownership proof
- Proof of continuity of business

## **ICICI Bank Personal Loan**

ICICI Bank offers personal loans @ 10.80% p.a. onwards for loan amounts of up to Rs 50 lakh and for tenures of up to 6 years. It also offers pre-approved instant personal loan to select ICICI Bank customers with loan disbursement within just 3 seconds. ICICI Bank provides balance transfer facility of existing personal loan from other banks/NBFCS to ICICI bank at lower interest rates. The bank also offers overdraft facility to consumers maintaining their salary accounts with ICICI Bank.

ICICI Bank Personal Loan Highlights	
Interest rate	10.80% p.a. onwards
Loan Amount	Up to Rs 50 lakh
Tenure	1-6 years
Processing Fee	Up to 2.50% of loan amount
Minimum Monthly Salary	Rs 30,000
Prepayment Charges	<ul style="list-style-type: none"> <li>For salaried customers- 3% plus applicable taxes on principal outstanding after payment of 1st EMI, Nil if 12 or more EMIs are paid.</li> <li>For MSE classified customers, charges are Nil after payment of the 1st EMI for loan amount of up to Rs 50 lakh</li> </ul>
Documentation	<ul style="list-style-type: none"> <li>Proof of Identity</li> <li>Proof of Address</li> <li>Bank statements (last 6 months)</li> <li>Salary slips (latest)</li> </ul>

## ICICI Bank Personal Loan Interest Rates

ICICI Bank Personal Loan interest rates vary on the basis of the personal loan subtypes. However, ICICI Bank has not disclosed its personal loan interest rate matrix based on credit score, minimum monthly income, occupation profile, employers' profiles, etc. of its personal loan applicants, as many lenders have done.

Loan Product	Interest Rate (p.a.)
Personal Loan	10.80% onwards
Flexicash (Overdraft facility to salary account holders)	12%-14%
Personal Loan for NRIs	15.49% onwards

**Personal loan interest rates** offered by top private sector lenders *usually start from 10.49% p.a.* However, some public sector banks may offer lower interest rates for

personal loan schemes. Lenders offering personal loans finalize interest rates depending on their cost of funds, net interest margins, etc. along with the credit risk assessment of their loan applicants.

Banks and non-banking financial companies offer personal loans based on their risk-based pricing model, which may vary widely across lenders. Hence, prospective *applicants should compare the personal interest rates* before making the final loan application.

## Compare Personal Loan Interest Rates 2024

Interest Rates	Range (p.a.)
SBI Personal Loan Interest Rate	11.15% - 15.30%
HDFC Personal Loan Interest Rate	10.50% onwards
Axis Bank Personal Loan Interest Rate	10.49% onwards
ICICI Personal Loan Interest Rate	10.80% onwards
BOB Personal Loan Interest Rate	11.05% - 18.75%
PNB Personal Loan Interest Rate	10.40% - 16.95%
Bajaj Finance Personal Loan Interest Rate	11.00% onwards
Canara Bank Personal Loan Interest Rate	10.95% - 16.40%
IDFC Personal Loan Interest Rate	10.99% onwards
Yes Bank Personal Loan Interest Rate	10.99% onwards
Navi Personal Loan Interest Rates	9.90% - 45.00%
Union Bank Personal Loan Interest Rates	11.35% - 15.45%
Indian Bank Personal Loan Interest Rate	10.00% - 15.00%
Bank of India Personal Loan Interest Rate	10.85% - 14.85%
Tata Capital Personal Loan Interest Rate	10.99% onwards
Kotak Personal Loan Interest Rate	10.99% onwards
Bandhan Bank Personal Loan Interest Rates	11.55% onwards

Additionally, many other banks and non-banking financial companies offer personal loan schemes for individual borrowers. The **interest rates offered by these personal lenders are mentioned below:**

List of Banks/NBFCs	Interest Rates (p.a.)
Federal Bank	11.49% onwards
Piramal Finance	12.99% onwards
DMI Finance	12.00% – 40.00%
Moneyview	15.96% onwards
L&T Finance	12.00% onwards
Kreditbee	16.00% – 29.95%
MoneyTap	13% onwards
Aditya Birla	13.00% onwards
Cashe	27.00% onwards
Central Bank of India	10.95% – 12.75%
IDBI Bank	11.00% – 15.50%
UCO Bank	12.45% – 12.85%
Bank of Maharashtra	10.00% – 12.80%
RBL Bank	17.50% – 26.00%
Muthoot Finance	14.00% – 22.00%
Standard Chartered Bank	12.00% onwards
HSBC	9.99% – 16.00%
Home Credit	24.00% onwards
StashFin	11.99% – 59.99%
SMFG India Credit	11.99% onwards
Faircent	9.99% onwards
Dhani Loans & Services	13.99% onwards
PaySense	16.80% – 27.60%
HDB Financial Services	12.00% – 31.00%

## ICICI Bank Personal Loan Processing Fees and Charges

Processing Fee	Up to 2.50% of loan amount + GST
Pre-payment Charges	For salaried customers- 3% plus applicable taxes on principal outstanding after payment of 1st EMI, Nil if 12 or more EMIs are paid.
	For MSE classified customers, charges are Nil after payment of the 1st EMI for loan amount of up to Rs 50 lakh
Loan Cancellation Charges	Rs 3,000 + GST
Penal Interest	24% p.a.
EMI Bounce Charges	Rs 400 per bounce + GST
Repayment mode swap charges	Rs 500 per transaction + GST

## Personal Loan EMI Calculator

Personal Loan EMI Calculator helps consumers determine the amount they will have to pay each month towards servicing their personal loans. Using this online calculator, **consumers can also quickly calculate the interest cost** and total amount payable against various combinations of loan amounts, interest rates and loan tenures in no time. The consumers can also determine the **best possible tenure for their personal loans** after considering their repayment capacity and plan their loan repayment better.

<u>EMI Calculator</u>		<u>EMI Calculator</u>	
Amount		Monthly EMI	Total Amount Payble
₹	5,00,000	<b>₹ 10,746.95</b>	<b>₹ 6,44,817.01</b>
Interest Rate	Tenure		(Principal + interest)
10.50	% 5	Principal Amount	Total Interest Payble
	Year(s)	<b>₹ 5,00,000</b>	<b>₹ 1,44,817.01</b>
<b>Calculate</b>			

## ICICI Bank Personal Loan EMI Calculator

<u>EMI Calculator</u>		<u>EMI Calculator</u>	
Amount		Monthly EMI	Total Amount Payble
₹	5,00,000	<b>₹ 10,746.95</b>	<b>₹ 6,44,817.01</b>
Interest Rate	Tenure		(Principal + interest)
10.50	% 5	Principal Amount	Total Interest Payble
	Year(s)	<b>₹ 5,00,000</b>	<b>₹ 1,44,817.01</b>
<b>Calculate</b>			

## **How to Track the Status of your Personal Loan Application?**

After the loan application is submitted with the bank or lender, almost every applicant becomes curious to find out whether the loan is approved, rejected or under process. Without knowing the status of the loan, the applicant remains in dilemma for further actions. So, let's read on to know the ways and steps to track your personal loan application online and offline:

### **Tracking your Personal Loan Application Online**

The best way to track your loan application is by visiting the official website of your lender and checking the location where you can track the status of your loan application. Most of the banks and NBFCs have a separate section for the same that requires only a few details to be filled and are as follows:

- Applicant's Full Name
- Registered Mobile Number
- Applicant's Date of Birth & PAN card
- Loan Reference or Registration Number, if any
- Any other unique number provided by the bank

### **Tracking your Personal Loan Application Offline**

- By Visiting the Bank/NBFC Branch
- Calling the Personal Loan Customer Care or Toll Free Number
- Personal Loan Application Tracking via Net Banking (For existing customers)

In case your personal loan application gets rejected or takes too long for processing, you can visit online financial marketplaces like [paisabazaar.com](https://paisabazaar.com) to compare personal loan options available from multiple banks/NBFCs. Such marketplaces will offer the personal loan options based on your monthly income, credit score, employment type, age, location, etc.

## **Personal Loan Balance Transfer**

Personal Loan Balance Transfer (PLBT) facility offered by lenders to existing personal loan borrowers of other bank and NBFCs to transfer their existing personal loan at lower interest rates.

Just like a personal loan, PLBT does not require any collateral or security to be submitted with the new lender. The few nominal charges to be paid include the foreclosure charges and loan transferring charges to your existing lender. Your new lender may also charge the loan processing fees, along with stamp duty and other fees usually charged on making a fresh personal loan application.

## **Personal Loan Balance Transfer Interest Rates**

The interest rates offered by the new lenders on exercising personal loan balance transfer would usually be lower than the personal loan interest rates charged by your existing lender. Personal loan interest rate offered by the new lender would also depend on your existing outstanding loan amount, loan tenure, credit score, income and other aspects of your credit profile.

## **Balance Transfer Processing Fees and Charges**

Your existing lender may charge foreclosure fee of up to 5% on the outstanding loan amount on transferring the personal loan to another, if the original personal loan was availed on fixed interest rates. Lenders would not charge any foreclosure fee in case of personal loans sanctioned on floating interest rates. The new lender will charge a processing fee from Rs. 500 to 4% of the outstanding loan amount during personal loan balance transfer.



## Calculation of interest cost savings generated from Personal Loan Balance Transfer

The following table gives you an illustration of how a personal loan balance transfer could help you save on the total interest payable:

Original Loan Amount	Rs. 5 Lakh	Rs. 10 Lakh
Existing Rate of Interest	15% p.a.	15% p.a.
Original Repayment Tenure	60 months	60 months
EMI already paid	12	12
EMI to be paid	48 months	48 months
Existing EMI	Rs. 11,894	Rs. 23,789
Outstanding Loan Amount	Rs. 4,27,416	Rs. 8,54,819
New Rate of Interest	11.50% p.a.	11.50% p.a.
New Tenure	48 months	48 months
New EMI	11,150	22,301
<b>Total Savings</b>	<b>Rs. 35,712</b>	<b>Rs. 71,424</b>

## Benefits and Features of Personal Loan Balance Transfer

- **Lower Rate of Interest:** One of the primary objectives of exercising personal loan balance transfer is to avail lower interest rate and thereby, reduce one's overall interest cost.
- **Longer Repayment Tenure:** Exercising personal loan balance transfer facility can also help a borrower to opt for a longer tenure than the residual loan tenure of his existing personal loan. A longer tenure will reduce then his monthly EMI burden. However, this would lead to a higher interest cost for the borrower.
- **Avail Top-up Personal Loan:** Many lenders offer top-up personal loans to those transferring their existing personal loans. Thus, personal loan balance transfer

facility would benefit existing personal loan borrowers unable to avail top-up personal loans or being charged higher interest rates for it.

## **Eligibility for Personal Loan Balance Transfer**

Below stated is the basic eligibility criteria for PLBT:

- Age: Minimum 21 years and maximum 65 years
- Salaried individuals and self-employed professionals
- Existing outstanding loan amount should be at least Rs. 50,000 or defined by the lender
- Clean repayment history
- Work Experience: Usually 1 year of work experience is required with some lenders requiring longer work experience
- Minimum Monthly Income: Rs. 15,000
- CIBIL score: Usually 750 or above

## **Documents Required**

Basic documents that the borrower may be required to submit in case he/she wishes to opt for a personal loan balance transfer are as follows:

- Duly signed application form with passport size photographs
- Identity Proof (PAN card/driving license/passport/voter ID/Aadhaar Card, etc.)
- Age Proof (PAN card/driving license/passport/voter ID/Aadhaar Card, etc.)
- PAN Card (Mandatory)
- Address Proof (Aadhaar Card/Passport/ Landline Bill/ Latest Electricity bill/Rent agreement, etc.)

Additional documents specified to salaried and self-employed individuals are as follows:

**For Salaried Individuals:**

- Last 6 months' bank statement
- Salary slip for last 3 months
- Statement of personal loan from a current lender (for the loan that needs to be transferred)

**For Self Employed Individuals:**

- Business PAN card
- Business address and vintage proofs
- Last 3 years' Balance sheet along with profit and loss statement pertaining to business
- Last 6 months' bank statement of individual and business entity
- Statement of personal loan from a current lender (details of the loan that need to be transferred)

**Process of Personal Loan Balance Transfer**

*Personal loan balance transfer process usually involves the following steps:*

1. Check the current interest rate that you can get on your personal loan with other lenders and calculate the interest savings.
2. Evaluate the estimated cost of the loan transfer taking into account various charges and fees that might be applicable.
3. Consider the net benefits and finalize whether you want to opt for the balance transfer or not. Shortlist a few lenders that you may want to transfer your existing loan to.
4. Compare the interest rates offered by the shortlisted lenders, your loan amount eligibility and their loan process.

5. After you finalize upon the new lender and decide to go ahead with the transfer, apply for a NOC (No Objection Certificate) and foreclosure letter from your existing lender.
6. Start the application process with the new lender. Submit the loan documents along with the complete record of repayments.
7. Get a sanction letter and execute the new loan agreement with the new lender.
8. Take a disbursement (of the outstanding loan amount that you had to pay to the previous lender) from the new lender through cheque/ demand draft in favour of the earlier lender.
9. Once the previous lender receives the outstanding loan amount, they will cancel all the cheques and ECS and close your personal loan account.