

1. Informing Customers About Credit Score Checks

New RBI Directive for Credit Information Companies

When you apply for a loan, the bank often assesses your credit score to determine your creditworthiness. To enhance transparency, the Reserve Bank of India (RBI) has issued new guidelines for credit information companies (CICs) regarding customer notifications in credit-related processes.

These new guidelines will take effect within six months from the announcement.

Customer Alerts for Credit Score Access

RBI instructs CICs to send SMS or email alerts to customers whenever their Credit Information Report (CIR) is accessed by banks or non-banking finance companies (NBFCs).

Alerts for Default or Days Past Due

In addition, banks and NBFCs must inform customers via SMS or email when submitting information to CICs about defaults or Days Past Due (DPD) on existing credit.

Understanding Credit Information Companies (CICs)

CICs are entities responsible for collecting and analyzing credit information for individuals and businesses across the country. Based on this information, a CIC calculates and generates credit scores for individuals and credit ranks for companies as per their creditworthiness and past credit history.

Impact of Credit Scores on Loans

A customer with a high credit score can obtain loans at favorable rates. Conversely, a low credit score, often resulting from defaults on previous loans, may hinder loan approvals. However, credit scores are just one aspect that lenders consider in loan approvals.

Prominent CICs in India

Notable CICs in India include TransUnion CIBIL Ltd, Equifax India, and CRIF High Mark. CICs assign credit scores within the 300 to 850 range. A score of 700 is typically considered good.

Accessing Credit Scores

Customers can typically access their credit scores from CICs, often requiring payment. However, the RBI has mandated that CICs offer a "Free Full Credit Report (FFCR)" once a year to individuals whose credit history is available. The FFCR link is required to be prominently displayed on their websites so that individuals are able to access their report conveniently.

Correcting Inaccurate Data

Customers have the option to request corrections to their Credit Information Reports. Banks and NBFCs should inform customers of the reasons for rejecting data correction requests, as specified in the RBI's circular. A list of reasons for rejection should be shared by CICs with all credit institutions.

Relevance: GS Prelims & Mains Paper III; Economics

Source: The Indian Express

2. Dark Pattern Sales in Airline Bookings

Deceptive Practices Under Scrutiny

Complaints have surfaced regarding airlines and online travel agents employing tactics to trick customers into unintended purchases, leading to these practices being labeled as "cybercrimes" by government officials. The Ministry of Civil Aviation has called out low-cost carrier IndiGo for rectification of its website due to such issues.

Dark Pattern: Unfair Trading Practices

Consumer Affairs Secretary has characterized these tactics as "dark patterns" in which entities manipulate consumers into purchasing unintended products, constituting unfair trading practices that could be considered cybercrimes.



Pervasive Issue

Nearly 10,000 complaints regarding such practices have been registered with the Ministry over the last eight to nine months. A review of various airline websites and platforms revealed widespread use of these "dark patterns."

IndiGo's Deceptive Techniques

For example, IndiGo's website employs tactics such as creating a false sense of urgency, pressuring customers to pay an additional fee of ₹99 to ₹1,500 for seat selection during the ticket booking process. Free seats are presented as unavailable, even when multiple options exist. Passengers can opt to "skip" seat selection, but they are not clearly informed that free seats will be automatically assigned if they decline to pay the extra fee.

IndiGo's mobile application also uses "interface interference" by placing the "skip" option inconspicuously in the top right corner with a small font size, highlighting specific information while obscuring other details.

Relevance: GS Prelims & Mains Paper III; Economics

Source: The Hindu

3. Alleged PDS Scam in West Bengal

Background

In a significant development, West Bengal Forest Minister Jyotipriya Mallick was arrested by the Enforcement Directorate (ED) after a 22-hour interrogation. Mallick, the first TMC Minister to be arrested by the ED, was the Food and Supplies Minister in the TMC government's previous term (2016-2021). This arrest is linked to the alleged Public Distribution System (PDS) scam in the state.

PDS Scam in West Bengal

The scam relates to the allegedly illegal distribution of rice and wheat, in which Mallick, businessman Bakibur Rahman, and a few others are said to be involved.

According to ED officials, Rahman had close links with Mallick. Rahman would supply rice and wheat in lesser-than-mandated quantities to distributors, who were supposed to sell the grains through fair-price shops – to the poor, at lower prices. But by selling lesser quantities to distributors, the balance could then be sold in the open market later for profit.

Broader Scandal Landscape

The PDS scam is one of several investigations into alleged wrongdoings involving the Trinamool Congress (TMC). Other probes include irregularities in the recruitment of school teachers and municipal employees, as well as smuggling of cattle and coal.

Summary

The arrest of Jyotipriya Mallick, the first TMC Minister to face ED arrest, is linked to the PDS scam in West Bengal, which involves illegal grain distribution practices. The investigation sheds light on irregularities in the state's PDS and broader issues involving the TMC government.

Relevance: GS Mains Paper II; Governance

Source: The Indian Express