International Journal of Creative and Open Research in Engineering and Management
ISSN: 3108-1754 (Online)
Volume 02 Issue 11 November-2026 | Impact Factor: 3.5



A Study of Customer Credit Evaluation, CIBIL Review and Vehicle Loan Sanction Coordination at Kundan Hyundai

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How to Cite this Article:

Bhosale, P. (2026). A Study of Customer Credit Evaluation, CIBIL Review and Vehicle Loan Sanction Coordination at Kundan Hyundai. International Journal of Creative and Open Research in Engineering and Management, 02(11), 1-9. https://doi.org/10.55041/ijcope.v2i11.071

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https://doi.org/10.55041/ijcope.v2i11.071

Abstract

Retail vehicle financing is a primary enabler of passenger automobile purchases in India, bridging consumer mobility demand with formal institutional credit. Although digital loan-origination systems and electronic verification have streamlined retail lending workflows, dealerships and borrowers continue to face operational bottlenecks in profile-specific documentation, credit-score interpretation, lender-policy alignment and pre-disbursement compliance. This paper is based on a three-month On-the-Job Training (OJT) project conducted in the Finance Department of Kundan Cars Private Limited (Kundan Hyundai), Pune, from 15 May 2026 to 14 August 2026. The study examines the end-to-end operational process of customer credit evaluation, consent-based CIBIL review, lender selection and vehicle-loan sanction coordination. A descriptive, exploratory and process-centred research methodology was followed using guided workplace observation, discussions with dealership finance personnel, non-confidential process documentation and secondary industry and regulatory literature. The findings indicate that early customer profiling, profile-wise document readiness and structured tracking of post-sanction conditions are decisive in preventing verification queries and delivery delays, while a CIBIL score serves strictly as one preliminary indicator alongside repayment capacity, existing obligations and lender policy. The study concludes that structured communication, standardised documentation checklists and disciplined sanction-to-disbursement tracking are essential for efficient dealership finance coordination.

Keywords: *Retail vehicle finance, credit evaluation, CIBIL review, loan sanction coordination, automobile dealership, NBFCs and banks.*

1. Introduction

Retail vehicle finance forms a vital link between India's passenger automobile market and its banking and Non-Banking Financial Company (NBFC) ecosystem. Because most new passenger vehicles in India are purchased through institutional credit rather than outright cash payment, authorised automobile dealerships operate dedicated point-of-sale finance desks to assist buyers with loan structuring and processing. In this setting, the finance requirement is derived from the vehicle's total on-road price—comprising the ex-showroom price, motor insurance, Regional Transport Office (RTO) registration and applicable charges—minus the customer's own contribution or down payment.

Effective retail vehicle-loan coordination requires aligning borrower profiles with institutional underwriting standards. Applicants generally fall into salaried, self-employed/business or commercial/permit categories, each requiring distinct Know Your Customer (KYC), income, banking and business documentation. Furthermore, lenders rely on credit-bureau data—most notably the TransUnion CIBIL score (ranging from 300 to 900) and underlying account-level credit reports—alongside bank-statement behaviour and existing repayment obligations to evaluate creditworthiness.

While digital loan-origination platforms, e-KYC and consent-based credit reporting have made retail auto lending faster and more traceable, operational delays frequently arise from incomplete or inconsistent files, misunderstandings regarding credit scores and uncoordinated post-sanction conditions. Based on the On-the-Job Training (OJT) project



conducted at Kundan Hyundai, Pune, this study examines the practical workflow of customer profiling, consent-based CIBIL review, lender matching and loan sanction-to-disbursement coordination at the dealership level.

2. Background

2.1 Automobile Retail and Vehicle Finance Sector

India is one of the largest passenger vehicle markets globally. According to the Society of Indian Automobile Manufacturers (SIAM), domestic passenger vehicle wholesales reached 4,643,439 units in FY 2025–26 (recording 7.9% year-on-year growth) and 1,273,811 units in Q1 FY 2026–27 (up 25.9% year-on-year), supported by rising disposable incomes, semi-urban demand expansion and indirect-tax rationalisation effective in the second half of 2025. Kundan Hyundai, an authorised dealer partner of Hyundai Motor India Limited (HMIL) in Pune, operates at the intersection of passenger vehicle retailing and institutional auto finance.

The retail vehicle finance ecosystem comprises public sector banks, private sector banks, NBFCs and Original Equipment Manufacturer (OEM) captive finance arms. Under Reserve Bank of India (RBI) regulations, floating-rate retail loans are linked to an external benchmark—typically the Repo Linked Lending Rate (RLLR)—plus a risk-based spread. Additionally, the RBI's revised co-lending framework (2025) and the Account Aggregator ecosystem have expanded joint bank–NBFC lending and digital data sharing. Nevertheless, because individual lenders enforce distinct eligibility rules, Loan-to-Value (LTV) limits, turnaround times (TAT) and documentation norms, dealership finance teams play a crucial intermediary role in matching borrowers with appropriate financiers.

2.2 Theoretical Underpinnings of Retail Vehicle Credit

Dealership credit coordination reflects established principles of financial intermediation and consumer credit theory. Under the classic Five Cs of Credit framework, lenders evaluate Character (repayment discipline captured via CIBIL reports), Capacity (income stability and existing obligations), Capital (customer down payment), Collateral (hypothecation of the financed vehicle) and Conditions (loan terms and macroeconomic environment). As explained by Stiglitz and Weiss's theory of asymmetric information and credit rationing, lenders mitigate adverse selection and moral hazard not merely through interest-rate adjustments, but through stringent verification of income proofs, bank statements and credit histories.

Furthermore, retail auto-loan pricing applies risk-based pricing and time-value-of-money principles. Equated Monthly Instalments (EMIs) are structured through standard loan amortisation based on principal (P), monthly interest rate (r) and tenure (n), while lower LTV ratios (higher down payments) reduce lender loss-given-default on the hypothecated asset.

3. Methodology

The study adopts a descriptive, exploratory and process-centred research design focused on operational workflows rather than individual borrower outcomes. Primary information was gathered through three months of guided workplace observation (15 May 2026 to 14 August 2026) in the Finance Department of Kundan Hyundai, Pune, structured discussions with dealership finance personnel and the Industry Mentor, and non-confidential process notes recorded during daily operations. Secondary information was obtained from SIAM industry releases, RBI master directions, HMIL financial disclosures, TransUnion CIBIL guidelines and peer-reviewed consumer credit literature.

The observed retail finance lifecycle was mapped across eleven operational stages, extending from initial customer enquiry and profiling to loan login, verification query resolution, sanction communication, National Automated Clearing House (NACH) mandate setup, disbursement and vehicle delivery. Each stage was analysed qualitatively across four analytical dimensions: required information inputs, completeness and consistency checks, decision-making authority boundaries and coordination dependencies.

In strict adherence to institutional ethics and the Digital Personal Data Protection Act, 2023, no customer names, contact details, PAN or Aadhaar numbers, bank statements, actual CIBIL reports, sanction letters or proprietary dealership commercial figures were recorded or reproduced. Furthermore, no artificial sample or unverified approval percentage was fabricated; all findings represent verified process-level observations.



4. Findings

4.1 Customer Interaction and Profile-Wise Documentation Readiness

Process observation revealed that the initial customer interaction functions as the primary control point for the entire loan lifecycle. Capturing vehicle variant, on-road cost, intended down payment, preferred EMI/tenure, income category and delivery timeline determines the realistic funding gap and appropriate lender shortlist. Misclassifying a borrower's profile at the outset leads to rework and documentation delays.

Table 1: Customer Interaction Inputs, Operational Purpose and Process Risk

Interaction Input	Operational Purpose	Risk if Unclear or Incomplete
Vehicle Model & On-Road Cost	Establish total asset cost (ex-showroom, insurance, RTO)	Incorrect funding gap calculation
Customer Contribution	Determine down payment and proposed finance requirement	Unrealistic LTV or loan amount request
Income / Profile Category	Identify salaried, self-employed or commercial pathway	Incorrect document checklist or lender mismatch
Preferred EMI & Tenure	Evaluate monthly affordability and repayment horizon	Expectation mismatch on loan structure
Expected Delivery Timeline	Align processing sequence with sales and RTO schedules	Premature delivery commitment before disbursement

Documentation requirements differed substantially across customer segments. Salaried applicants required identity/address KYC, photographs, salary slips, Form 16 and bank statements. Self-employed/business applicants required bank statements, Income Tax Returns (ITRs), computation of total income, Balance Sheet, Profit and Loss Account, and Udyam Registration or Shop Act licences. Commercial/permit cases additionally required permit/licence credentials and co-applicant or guarantor documentation. Tracking documents by status (complete, pending, inconsistent or awaiting lender clarification) proved far more effective than simple binary collection.

4.2 Consent-Based CIBIL Review and Preliminary Credit Evaluation

Credit information was accessed strictly through authorised dealership channels after obtaining explicit customer consent and verifying identity details. While the TransUnion CIBIL consumer score (300–900) provided a rapid summary of credit behaviour, operational observation confirmed that a score alone never guarantees loan approval. Lenders evaluate the underlying report indicators—account-wise repayment history, overdue or settled accounts, existing EMI obligations and recent credit enquiries—alongside Average Bank Balance/Deposit (ABB/ABD) trends and net disposable income.

Table 2: CIBIL Review Indicators, Analytical Interpretation and Role Boundary

Credit Report Indicator	Analytical Interpretation in Evaluation	Dealership / Intern Role Boundary
Consumer Credit Score (300–900)	Summary indicator of historical credit behaviour	Does not constitute sanction; lender applies policy
Repayment History	Reflects timeliness and discipline on past credit facilities	Lender underwrites impact of past delays
Existing Obligations	Quantifies ongoing monthly EMI burden against income	Cross-verified against bank statement debits
Recent Credit Enquiries	Indicates frequency of recent credit-seeking activity	Explained to customer; never assumed as auto-rejection
Overdue / Settled Status	Signals potential historical credit stress or restructuring	Final acceptability rests solely with bank/NBFC



4.3 Lender-Fit Assessment, Login Readiness and Sanction-to-Disbursement Coordination

Each bank and NBFC on the dealership panel maintained distinct eligibility norms, pricing structures (RLLR/ER plus spread), LTV thresholds and documentation rules. Consequently, the lender offering the lowest headline interest rate was not always optimal if the customer's profile or document set did not align with that institution's underwriting policy. Ensuring consistency across KYC fields, income proofs, bank credits and application entries prior to login significantly reduced verification queries.

Table 3: Pre-Login Readiness Checks and Sanction-to-Disbursement Controls

Process Stage / Check	Verification Evidence	Expected Operational Output
Profile & Policy Fit	Employment/business proofs matched against lender criteria	Targeted shortlist of suitable banks/NBFCs
Identity & Field Consistency	Cross-check of PAN, Aadhaar, address and loan fields	Error-free loan application login
Affordability & Banking Review	Salary/ITR credits, ABB/ABD and existing EMI outflows	Sustainable loan amount and tenure structure
Sanction Condition Tracking	Formal sanction letter terms, margin money and NACH	Clear owner and due date for pre-disbursement items
Disbursement Confirmation	Verified fund release confirmation from bank/NBFC	Authorised clearance for RTO and vehicle delivery

Crucially, the study identified a clear operational distinction between loan login, loan sanction and loan disbursement. Even after formal sanction, cases required completion of signed loan agreements, NACH auto-debit mandates, margin-money receipts, insurance cover notes and RTO registration formalities before funds were released. Treating verbal approval as final disbursement created coordination friction across sales, insurance, RTO and delivery teams.

5. Discussion

The findings demonstrate that retail vehicle loan coordination at an automobile dealership is an active information-bridging function rather than a passive clerical task. Consistent with information-asymmetry theory, banks and NBFCs require verifiable, internally consistent documentary evidence before committing funds. When the dealership finance desk establishes borrower profile and document readiness upfront, lenders can process applications with fewer back-and-forth queries, improving turnaround predictability.

A second key insight concerns the interpretation of credit scores. Customers frequently assume that a high CIBIL score guarantees immediate sanction at the lowest advertised rate, or conversely that any past enquiry precludes approval. In practice, lenders weigh the CIBIL report holistically alongside net repayment capacity, banking cash flows (ABB/ABD), vehicle LTV and institutional risk appetite. Maintaining transparent communication around consent, privacy and the strict boundary between dealership file preparation and lender underwriting builds borrower trust and regulatory compliance.

Finally, separating sanction from disbursement in operational tracking is vital for dealership workflow alignment. Because vehicle delivery depends on simultaneous completion of RTO registration, motor insurance, customer margin money and lender fund release, structured tracking of post-sanction conditions prevents bottlenecks at the final handover stage.

6. Limitations

This study is subject to four primary limitations. First, it was conducted over a three-month internship period (15 May 2026 to 14 August 2026) at a single Hyundai dealership (Kundan Hyundai, Pune), which restricts exposure to full-year seasonal cycles and practices across other automobile brands or regions. Second, strict confidentiality obligations precluded the disclosure or quantitative aggregation of customer records, CIBIL scores, approval rates, interest spreads or turnaround times. Third, observations were confined to the dealership's front-end coordination role, without visibility into internal bank/NBFC credit-scoring algorithms or underwriting committees. Finally, because no



statistical borrower survey was conducted, the findings represent structured process observations rather than population-level estimates.

7. Conclusion

The study concludes that structured customer credit evaluation, responsible CIBIL review and disciplined sanction-to-disbursement coordination are central to effective retail vehicle finance operations at an automobile dealership. While digital lending platforms have streamlined application submission, loan processing efficiency continues to depend on accurate initial customer profiling, profile-specific document completeness, pre-login consistency checks and clear communication of lender policies.

To strengthen operational effectiveness, dealerships should deploy standardised profile-wise document checklists at first customer contact, provide a concise CIBIL consent and explanation note to manage borrower expectations, and maintain a structured sanction-condition tracker that links disbursement confirmation directly to vehicle delivery scheduling. Overall, disciplined human coordination, data privacy compliance and process transparency remain indispensable to aligning customer needs with institutional underwriting standards.

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