

Part 1: FAQs on Types of Loans

Q: What are the two main categories of loans?

- * Retail Loans (B2C): Loans given to individual consumers for personal use, such as buying a home, a car, or funding a medical emergency.
- * Wholesale/Corporate Loans (B2B): Large-scale loans given to businesses, real estate developers, or industries for operations, construction, or expansion.

Q: What are the most common types of Retail Loans?

- * Home Loans: Secured long-term loans for purchasing or constructing residential property.
- * Personal Loans: Unsecured, short-to-medium-term loans used for any personal requirement (weddings, travel, medical).
- * Vehicle Loans: Secured loans specifically for buying a new or used two-wheeler or four-wheeler.
- * Loan Against Property (LAP): Borrowing money by mortgaging an existing commercial or residential property you already own.
- * Gold Loans: Short-term loans secured by pledging gold jewelry.

Q: What are the most common types of Wholesale/Business Loans?

- * Working Capital Finance (Cash Credit/Overdraft): Short-term credit limits to manage daily business operations and inventory.
- * Construction Finance: Large project loans given to real estate builders to construct RERA-registered projects.
- * Term Loans: Fixed-amount loans used by businesses to buy heavy machinery, expand factories, or upgrade technology.
- * Bill Discounting: Getting immediate cash from a bank against unpaid B2B invoices.

Q: What is the difference between a Secured and an Unsecured loan?

- * Secured: You must pledge an asset (like a house, car, or gold). If you fail to repay, the lender can seize the asset. Interest rates are generally lower.
- * Unsecured: No collateral is required (like a Personal Loan or Credit Card). The lender relies purely on your income and credit score. Interest rates are usually higher.

Part 2: FAQs on Eligibility \& Documentation

Q: What is the basic eligibility criteria for a Retail Loan?

- * Age: Usually between 21 and 60 years (at the time of loan maturity).
- * Income: A stable, recurring monthly income that meets the lender's minimum threshold.
- * Employment: Salaried professionals (with a minimum of 6-12 months of work experience) or self-employed individuals with a stable business vintage.
- * Credit Score (CIBIL): A score of 750 or above is generally required for the best interest rates.

Q: What documents are strictly required for an individual (Retail) loan?

- * KYC Documents: PAN Card (mandatory), Aadhaar Card, Passport, or Voter ID for identity and address proof.
- * Income Proof (Salaried): Last 3 months' salary slips and latest Form 16.
- * Income Proof (Self-Employed): Last 2-3 years' Income Tax Returns (ITR) with computation of income.
- * Banking History: Last 6 months' bank statements of your primary account showing salary credits or business cash flows.

Q: What documents are required for a Business/Wholesale loan?

- * Entity KYC: Certificate of Incorporation, Partnership Deed, MOA \& AOA, and the company's PAN.
- * Financials: Audited Balance Sheets and Profit \& Loss statements for the last 3 years.
- * Tax Records: GST registration certificates and recent GST returns.
- * Project Specifics: If it is a real estate loan, the builder must provide the Detailed Project Report (DPR), RERA Registration Certificate, and approved building plans.

Part 3: FAQs Regarding Banks and NBFCs

Q: What is the main difference between a Bank and an NBFC?

- * Banks (e.g., SBI, HDFC): Can accept demand deposits (Savings and Current accounts), issue checkbooks, and are part of the national payment and settlement system.
- * NBFCs (e.g., Bajaj Finance, Muthoot Finance): Non-Banking Financial Companies cannot accept demand deposits or issue checks drawn on themselves. Their primary business is lending money and making investments.

Q: Are NBFCs safe and regulated?

Yes. Legitimate NBFCs are strictly regulated by the Reserve Bank of India (RBI). Large NBFCs (like Tata Capital or Shriram Finance) are classified

under the RBI's "Upper Layer" framework and face regulations almost as strict as traditional banks.

Q: Why would someone choose an NBFC over a Bank for a loan?

- * Speed and Convenience: NBFCs often have heavily digitized, faster approval processes.

- * Relaxed Norms: They may offer loans to individuals with slightly lower credit scores or those who do not fit the rigid eligibility matrices of traditional banks (often charging a slightly higher interest rate in return).

- * Specialization: NBFCs often specialize in niche segments (e.g., Muthoot for gold loans, Bajaj for consumer durables).

Q: Are interest rates different between Banks and NBFCs?

Generally, Banks offer slightly lower interest rates on loans (especially Home Loans) because they have access to cheap funds through the public's savings accounts. NBFCs have to borrow money from banks or the bond market to lend to you, making their cost of funds—and therefore their interest rates—slightly higher.

To effectively train an AI assistant to handle complex loan inquiries, it must be able to navigate regulatory boundaries, tax implications, and strict end-use restrictions.