

## FRAMEWORK OF CREDIT RATING SYMBOLS

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### ABSTRACT

In the present scenario Credit rating has assumed an important place in the modern and developed financial markets. It is a boon to the companies as well as investors. It is a mechanism by which the reliability and viability of a credit instrument is brought out. The credit rating protects the investor who cannot get inside information about the instruments for investment due to lack of time and lack of expertise. It has been done by an appropriate score and grading method.

One of the methods of assessing the credit score of a borrower is to obtain a credit report. Credit reports are generated by Credit Bureaus established for this purpose. Credit bureaus are institutions which meet the needs of lenders and credit granting institutions for comprehensive credit information on the borrower or potential client. The bureaus collect, collate and disseminate credit information pertaining to both commercial and consumer borrowers. An important and established credit bureau in India is the CIBIL which is also India's first credit information bureau. It is a repository of information, which contains the credit history of commercial and consumer borrowers.

In India, first rating agency Credit Rating and Information Services of India Ltd. (CRISIL) was established in 1988. At present there are many rating agencies like ICRA, CARE, ONICRA, FITCH India, CIBIL, HMCIS, SMERA, Brickworks. According to Securities Exchange Board of India, credit rating is a compulsory mechanism for listing of the companies in the stock market and also it is essential to the corporate sectors who want to raise capital with the help of issue of fixed deposits, commercial papers and other short-term instruments.

**KEYWORDS:** credit rating, credit rating framework, credit rating process, rating system design.

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