

Report of the E-Learning Activities through Zoom App

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During the online e-learning session following queries raised by the students and the answers provided by me are mentioned:

1.) What is Credit Rating?

Answer: The term credit rating can be defined as the opinion of a rating agency on the relative capability of a country, company or an individual to pay off his debt service obligations as and when they arise. In other words it is a quantified assessment of the creditworthiness of a borrower in general terms or with respect to a particular debt or financial obligation. A credit rating is, however, not an assurance or guarantee of a kind of financial performance by a certain instrument of debt or a specific debtor. A credit rating agency is not involved in the transaction of the deal and, therefore, is deemed to provide an independent and impartial opinion of the credit risk carried by a particular company intending to raise funds from the market.

2.) What is the need for credit rating in financial markets?

Answer: In popular culture following are the need and importance of credit rating in a financial market:

- (a) Lower cost of borrowings.
- (b) Wider audience for borrowings.
- (c) Rating as a marketing tool.
- (d) Reduction of cost in public issues.
- (e) Motivation for growth.
- (f) Recognition to unknown issuer.
- (g) Benefits to brokers & financial intermediaries.
- (h) Yardstick for investors to measure risk.
- (i) Improves a healthy discipline in investors.
- (j) Encourages greater information disclosure.

3.) What is the process of credit rating?

Answer: In today's world following is the process of credit rating followed widely:

- (a) Request from issuer and analysis.
- (b) Formation of Rating Committee.
- (c) Preliminary meetings and appeal to company management.
- (d) Field visits and meetings with employees and customers.
- (e) Preparation of report post rating committee meeting.
- (f) Pronouncement of the rating.

- (g) Monitoring of assigned ratings.
- (h) Altering ratings if required.

4.) Name some renowned credit rating agencies globally?

Answer: S&P Global Services, Moody's, Fitch, CRISIL, ICRA, CARE, ExpertRA, Trans Union global, Japan Credit Rating Agency, Egan-Jones rating company etc.

5.) State the years of formation of the big three Indian credit rating agencies?

Answer: The years of formation are given as under:

- (a) CRISIL - 1987
- (b) ICRA - 1991
- (c) CARE - 1993



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