INTERNAL CREDIT RATING: A STUDY OF INDIAN BANKING INDUSTRY

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ABSTRACT
This paper reviews the internal credit rating system in Indian Banks. The objective is to learn the risks inherent in the banking industry and to study in detail the credit risk faced by the bank. The credit rating practices vary across banks. Several quantitative & qualitative parameters have been used to develop working models of credit rating. Further, the aim of this paper is to identify these parameters & to lay down basis for improvement in existing models by suggesting additional useful parameters in line with RBI guidelines.

KEY WORDS: Banking, Credit rating, Parameters, Risk.