

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA  
UNSTARRED QUESTION NO. 2158  
TO BE ANSWERED ON MONDAY, 2<sup>ND</sup> DECEMBER/ AGRAHAYANA 11, 1941 (SAKA)

ASSESSMENT OF CRAS

QUESTION

**2158. SHRI RAMESHBHAI LAVJIBHAI DHADUK:**

Will the Minister of Finance be pleased to state:

- (a) whether the Government is deeply assessing the functioning of various Credit Rating Agencies (CRAs) as various financial institutions and banks provide loan on the basis of the rating of these agencies;**
- (b) if so, the complete details thereof and if not, the reasons therefor; and**
- (c) the steps proposed to be taken by the Government for improving the functioning of credit rating agencies in the country?**

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI ANURAG SINGH THAKUR)

**(a) & (b):** Credit Rating Agencies (CRAs) in India are registered with SEBI and are governed by SEBI (Credit Rating Agencies) Regulations, 1999 While SEBI regulates CRAs for rating of securities issued through public / rights issues, CRAs are also accredited by Reserve Bank of India (RBI) as External Credit Assessment Institutions (ECAIs) for rating of bank loans/facilities, commercial papers, etc.

Both SEBI and RBI are regularly assessing the functioning of CRAs through continuous monitoring and regulatory disclosures which involves annual joint inspections by SEBI and RBI, annual review of the accreditation of the rating agencies by RBI, mandatory half-yearly disclosures by CRAs and mandatory half-yearly internal audits for all CRAs coupled with compulsory rotation of internal auditors.

**(c):** In the recent past vide circulars dated 23 September 2019 and 4 November 2019, SEBI has taken steps to improve the functioning of CRAs, by way of mandating enhanced governance and accountability standards, enhanced disclosure standards and by revising rating review process / criteria.

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