

Investors Perception and Performance of Credit Rating Agencies in India

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Credit ratings agencies play an important role in the development of capital market in India. It protects the interest of investors by forewarning the risks associated with the capital market instruments. In this backdrop, the present study vigilantly analyses the investors' perception and performance of credit rating agencies. This study is conducted through a survey method among 400 investors. The study found that majority of the investors relatively new to the credit rating based investments and brokers are the major source of information for them. The study also has identified four predominant factors of perception of investors towards credit rating agencies as rudimentary perception on credit ratings, knowledge on rating agencies, knowledge on rating mechanism and knowledge on utility of ratings by using factor analysis. The study also identified factors influencing the performance of credit rating agencies as information attainment, investment decision making, and trustworthiness, forewarning risk and service quality.

Keywords: Credit rating in India, Investors' perception, Financial markets, Debt instruments

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