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RS.18727 CRORE RAISED THRU DEBT PRIVATE PLACEMENTS IN FY1 1998-99 : PRIME

While on the one hand, the primary capital market has essentially been dominated by debt issues, the first 6 months of fiscal 1998-99 also witnessed a booming activity in the private placement of debt, with **88 institutions and corporates mobilising an amount of Rs.18727 crore**. This has been reported in the Half-Yearly Report released by **PRIME** which operates the country's first and only data base on debt private placements.

According to Mr.Prithvi Haldea of PRIME, the first half of **fiscal 1998-99 represents a 15 per cent increase over Rs.16340 crore raised in the corresponding period of the previous year**. Incidentally, full fiscals 1995-96, 1996-97 and 1997-98 had witnessed mobilisations of Rs.10035 crore, Rs.18391 crore and Rs.30944 crore respectively. The size of the market has, as such, more than trebled over the last 3 years.

The highest mobilisation through debt private placement during FY1 was by IDBI (Rs.4442 crore), followed by ICICI (1667), IFCI (1292), MKVDC (700), Reliance Industries (675), SAIL (570), APSEB (519), MJP (513), Reliance Telecom (500) and MSEB (500).

Government organisations and development financial institutions, as per the PRIME report, continued to dominate, mobilising a high 77 per cent of the total amount. This represented an increase from its 75 per cent share in 1997-98 though a fall from 90 per cent in 1996-97.

Among government organisations, the all-India financial institutions and banks led with a 46 per cent share (Rs.8646 crore) followed with a 24 per cent share by state level undertakings (Rs.4479 crore), a 6 per cent share by PSUs (Rs.1173 crore) and a 1 per cent share by state financial institutions (Rs.200 crore), as per **PRIME**.

Issuer Type	No.of Issuers	Amount (Rs.crore)	%
All-India Fin.Inst.& Banks	10	8646	46
State Fin.Inst.	1	200	1
Public Sector Undertakings	7	1173	6
State Level Undertakings	19	4479	24
Private Sector	51	4229	23
	88	18727	100

A significant feature of period, pointed out by PRIME, was the growing emergence of state level undertakings, most of which raised resources primarily for infrastructure. From a meagre Rs.311 crore in full 1995-96 and Rs.2630 crore in 1996-97, 1997-98 has seen this sector raise a high Rs.6726 crore. In the six-month period of 1998-99, the SLUs raised Rs.4479 crore. The major mobilisers were Maharashtra Krishna Valley Dev.Corp.(Rs.700 crore), APSEB (519), Maharashtra Jeevan Pradhikaran (513), MSEB (500), KSEB (400), Krishna Bhagya Jala Nigam (320) and RSEB (300).

On the other hand, there was a drop in the mobilisation efforts of PSUs ; down from Rs.5301 crore in 1996-97 to Rs.4008 crore in 1997-98 to only Rs.1173 crore in the 6-month period.

According to Mr.Haldea, the period witnessed **a further improvement in the mobilisation by the private sector. While Rs.7763 crore had been raised by 95 companies in full 1997-98, the recent period saw 51 companies from this sector raise Rs.4229 crore.**

The financial services sector, the PRIME report stated, continued to dominate the market, collectively raising Rs.9834 crore or 52 per cent of the total amount. Power ranked second with a 19 per cent share (Rs.3497 crore), followed by water resources (1038), steel (933), telecommunications (857) and petrochemicals (685).

A notable aspect of the private placement market, according to Mr.Haldea, has been that both mobilisers as well as investors are mainly institutions and this, therefore, in no way reflects any direct mobilisation of household savings as is the case in the primary capital market.