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STATE UNDERTAKINGS DOMINATE DEBT PRIVATE PLACEMENTS IN FIRST QUARTER 1999 : PRIME

The recently concluded first quarter of 1999-2000 witnessed continued booming activity in the private placement of debt, with **66 institutions and corporates mobilising an amount of Rs.8769 crore according to Mr.Prithvi Haldea of PRIME**, which operates the country's premier data base on debt private placements.

The quarter's mobilisation of Rs.8769 crore compares favourably with the corresponding quarter of the previous year which had seen a mobilisation of Rs.8545 crore. It, however, reflects a decline, on a pro-rata basis, compared to full fiscal 1998-99, which had witnessed a mobilisation of Rs.41286 crore. Incidentally, full fiscals 1995-96, 1996-97 and 1997-98 had witnessed mobilisations of Rs.10035 crore, Rs.18391 crore and Rs.30983 crore respectively.

Significantly, according to PRIME, the mobilisation by state level undertakings reached a new high, giving it the status of the top mobiliser. From a meagre Rs.311 crore in full 1995-96 and Rs.2630 crore in 1996-97, 1997-98 had seen this sector raise a high Rs.6726 crore. In 1998-99, the mobilisation by SLUs jumped to Rs.9479 crore. In the first quarter, their mobilisation stood at Rs.3287 crore. **Most of the funds raised by SLUs have been for the infrastructure sector, mainly power, roads and water resources.**

The period also witnessed, according to PRIME, a significant improvement in the mobilisation by the private sector. **While Rs.7763 crore had been raised by 95 companies in 1997-98, 1998-99 saw 127 companies from this sector raise Rs.7426 crore. In the first quarter, 37 corporates raised a high Rs.2656 crore.**

Most notable, as per the PRIME report however, was the fact that for the first time, the all-India financial institutions dropped from their position of prime mobilisers. In all previous four years, their share was the highest; in 1998-99, for example, 48 per cent of the funds raised were by these institutions. Their share in the current quarter fell to only 17 per cent. In terms of amount, while the financial institutions had raised Rs.18604 crore in full 1998-99, their raising was only Rs.1503 crore in the first quarter of the current year.

There was also a drop in the mobilisation efforts of PSUs ; down from Rs.5301 crore in 1996-97 to Rs.4008 crore in 1997-98 to Rs.3110 crore in 1998-99 and to Rs.885 crore in the first quarter.

Among government organisations, the state level undertakings led with a 37 per cent share (Rs.3287 crore) followed with a 17 per cent share by all-India financial institutions (Rs.1503 crore), a 10 per cent share by PSUs (Rs.885 crore) and a 5 per cent share by state financial institutions (Rs.438 crore).

Issuer Type	No.of Issuers	Amount (Rs.crore)	%
All-India Fin.Inst.& Banks	9	1503	17
State Fin.Inst.	1	438	5
Public Sector Undertakings	4	885	10
State Level Undertakings	15	3287	37
Private Sector	37	2656	30
	66	8769	100

Government organisations and development financial institutions, according to PRIME, continued to dominate, mobilising a high 70 per cent of the total amount in private placements. This, however, represented a decline from their 90 per cent share in 1996-97, 75 per cent in 1997-98 and 81 per cent in 1998-99.

The highest mobilisation through debt private placements during the quarter was by MKVDC (Rs.912 crore), followed by Reliance (814), IFCI (728), IOC (500), WBIDFC (438), APIDC (419), GEB (400) and IPCL (320).

Notably, the financial services sector continued to dominate the market, collectively raising Rs.2906 crore or 33 per cent of the total amount; though the share fell from a high 54 per cent in 1998-99. Power ranked second with a 22 per cent share (Rs.1941 crore), followed by petrochemicals (1144), water resources (533) and oil (500).