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## **DEBT PRIVATE PLACEMENTS REACH RS.36307 CRORE IN FIRST NINE MONTHS OF 1999-2000 : PRIME**

The debt private placements continue to be on the rise. The first nine months of the current fiscal 1999-2000 (April-December) witnessed a significant increase in mobilisation through private placement of debt, with 189 **institutions and corporates mobilising an amount of Rs.36307 crore**. This has been reported by Prithvi Haldea of **PRIME** which operates the country's premier data base on debt private placements.

**This period's mobilisation of Rs.36307 crore, according to PRIME, marks an impressive increase of 32 per cent over the corresponding period of the previous year which had seen a mobilisation of Rs.27578 crore. It also reflects an increase, on a pro-rata basis, compared to the full fiscal 1998-99, which had witnessed a mobilisation of Rs.41286 crore.** Incidentally, full fiscals 1995-1996, 1996-1997 and 1997-1998 had witnessed placements of Rs.10035 crore, Rs.18391 crore and Rs.30983 crore respectively.

It may also be mentioned here that while the first quarter of the current fiscal saw placements aggregating Rs.9769 crore, the second and third quarters saw it jump to Rs.13265 crore and Rs.13273 crore respectively.

**As in the first two quarters, mobilisation by the state level undertakings continued to record a new high in the third quarter, giving it the status of the top mobiliser.** According to PRIME, from a meagre Rs.311 crore in full 1995-1996, the mobilisation has seen a consistent rise to Rs.2630 crore in 1996-1997, Rs.6726 crore in 1997-1998 and on to Rs.9479 crore in 1998-1999. In the first nine months of the current fiscal, their mobilisation has already reached Rs.11256 crore. **Most of the funds raised by SLUs have been for the infrastructure sector, mainly power, roads and water resources.**

The period also witnessed a significant increase **in the mobilisation by the private sector. While Rs.7763 crore had been raised by 95 companies in full fiscal 1997-1998, the year 1998-99 had seen 127 companies from this sector raise Rs.7426 crore. In the current nine month period, 110 corporates have already raised a high Rs.9163 crore.**

On the other hand, the turnaround in the raisings by PSUs continued. While their mobilisation had been dropping from Rs.5301 crore in full fiscal 1996-1997 to Rs.4008 crore in 1997-1998 to Rs.3110 crore in 1998-1999, the first nine months of this year saw it rise to a high Rs.5575 crore.

**Most notable, however, has been the dropping down of the all-India financial institutions/ banks from their position of top mobilisers.** In each of the previous four years, their share was the highest; in full 1998-99, for example, 48 per cent of the total funds were raised by these institutions. Their share in the current nine-month period, however, has fallen to only 25 per cent. In terms of amount, while the financial institutions/ banks had raised Rs.18604 crore in full 1998-99, their raising has only been Rs.9023 crore in the first nine months of the current year.

**As per the PRIME study, Government organisations and developmental financial institutions/ banks, put together, nevertheless continued to dominate, mobilising a high 75 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.**

Among the government organisations, state level undertakings led with a 31 per cent share (Rs.11256 crore) followed with a 25 per cent share by all-India financial institutions (Rs.4023 crore), a 15 per cent share by PSUs (Rs.5575 crore) and a 4 per cent share by state financial institutions (Rs.1289 crore), as per the PRIME report.

Issuer Type	No.of Issuers	Amount (Rs.crore)	%
All-India Fin.Inst.& Banks	25	9023	25
State Fin.Inst.	3	1289	4
Public Sector Undertakings	14	5575	15
State Level Undertakings	37	11256	31
Private Sector	110	9163	25
	189	36307	100

The highest mobilisation through debt private placements during the nine-month period was by Maharashtra Krishna Valley Development Corp. (Rs.1934 crore), followed by IDBI (1931), GE Capital (1300), IFCI (1236), Sardar Sarovar (1150), Reliance Industries (1148), ICICI (1029) and MSRDC (950).

**On an industry-wise basis, the financial services sector, according to PRIME, continued to dominate the market, collectively raising Rs.12907 crore or 35 per cent of the total amount; though its share fell from a high 54 per cent in 1998-99.** Power ranked second with a 15 per cent share (Rs.5509 crore), followed by water resources (3436) and petroleum (2003).