

22nd June, 2000

Annual Review

**DEBT PRIVATE PLACEMENTS RECORD 41 PER CENT INCREASE
IN 1999-2000, REACH RS.54701 CRORE : PRIME**

The debt private placements have continued to be on the rise. The recently concluded fiscal 1999-2000 witnessed a significant increase in mobilisation through private placement of debt, with 233 **institutions and corporates mobilising an amount of Rs.54701 crore**. This has been reported in the Annual Report released by **PRIME** which operates the country's premier and only data base on debt private placements.

Mr.Prithvi Haldea of PRIME stated that this year's mobilisation of Rs.54701 crore marks an impressive increase of 41 per cent over the previous year which had seen a mobilisation of Rs.38748 crore. In fact, this market has been growing at a rapid pace consistently over the past 5 years. The fiscals 1995-1996, 1996-1997 and 1997-1998 had witnessed placements of Rs.10035 crore, Rs.18391 crore and Rs.30983 crore respectively.

A notable development of the year, according to PRIME, was the increasing mobilisation by the state level undertakings which gave it the status of the top mobiliser, replacing the all-Indian financial institutions/ banks. 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 fiscal 1999-00 their mobilisation reached Rs.16526 crore, representing 30% of the total. **Most of the funds raised by SLUs have been for the infrastructure sector, mainly power, roads and water resources.**

The period also witnessed, as per the PRIME report 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 fiscal 1999-00, 117 corporates raised a high Rs.12595 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 recently concluded year, as per PRIME, saw it rise to a high Rs.8436 crore.

Most notable, however, has been the dropping down of the all-India financial institutions/ banks from their position of top mobiliser. According to PRIME, 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 1999-00, however, fell to only 27 per cent. In terms of amount, while the financial institutions/ banks had raised Rs.18604 crore in full 1998-99, their raising was only Rs.14539 crore in 1999-00.

As per PRIME, Government organisations and developmental financial institutions/ banks, put together, nevertheless continued to dominate, mobilising a high 77 per cent of the total amount in private placements. This, however, represented a decline from their 90 per cent share in 1996-97 and 81 per cent in 1998-99. (their share was 75 per cent in 1997-98).

Among the government organisations, state level undertakings led with a 30 per cent share (Rs.16526 crore) followed with a 27 per cent share by all-India financial institutions (Rs.14539 crore), a 15 per cent share by PSUs (Rs.8436 crore) and a 5 per cent share by state financial institutions (Rs.2606 crore), according to PRIME.

Issuer Type	No.of Issuers	Amount (Rs.crore)	%
All-India Fin.Inst.& Banks	44	14539	27
State Fin.Inst.	6	2606	5
Public Sector Undertakings	18	8436	15
State Level Undertakings	48	16526	30
Private Sector	117	12595	23
	233	54701	100

The highest mobilisation through debt private placements during the year, as per PRIME study, was by Mahanagar Telephone Nigam (Rs.2619 crore), followed by Maharashtra Krishna Valley (2469), ICICI (1992), IDBI (1930), GE Capital (1927), WBIDFC (1819), IOC (1622), APTRANSCO (1600), Reliance Industries (1572) and IFCI (1565).

On an industry-wise basis, the financial services sector continued to dominate the market, collectively raising Rs.21331 crore or 39 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.8441 crore), followed by water resources (4314) and telecom (3264).

A total of 60 arrangers were associated with the year's placements. Of the total amount of Rs.54701 crore, a high 96% or Rs.52324 crore was placed through arrangers according to PRIME. Significantly, this included Rs.4807 crore which was handled by the arrangers for their group companies.