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Rs.39468 CRORE RAISED THRU DEBT PRIVATE PLACEMENTS IN 9-MONTH PERIOD : PRIME

The recently concluded 9-month period of the current fiscal witnessed a continuing activity in mobilisation through private placement of debt (corporate bonds), with **168 institutions and corporates mobilising an amount of Rs.39468 crore**. This has been reported by Mr.Prithvi Haldea of **PRIME** which operates the country's premier and only data base on debt private placements.

This period's mobilisation of Rs.39468 crore, according to PRIME, is marginally higher than Rs. 38074 crore which was raised in the corresponding period of the previous year. On an annualised basis, the raising in the 9-month period is, however, marginally lower as the preceding full year had seen a mobilisation of Rs.55073 crore. Nevertheless, the raisings traditionally increase in the later part of the year and given the issues in pipeline, the current year may touch or even cross the previous year's mobilisation. In fact, this market has been growing at a rapid pace consistently over the past 5 years. According to PRIME, the fiscals 1995-1996, 1996-1997, 1997-1998 and 1998-99 had witnessed placements of Rs.10035 crore, Rs.18391 crore, Rs.30983 crore and Rs.38748 crore respectively.

A notable development of the period, as per PRIME, was the increasing mobilisation by the private sector. While Rs.7763 crore had been raised by 95 companies in full fiscal 1997-1998 giving a share of 25 per cent, the year 1998-99 had seen 128 companies from this sector raise Rs.7231 crore, the share however going down to 19 per cent. In fiscal 1999-00, 113 corporates raised a high Rs.12595 crore, taking the share up to 23 per cent. **In the 9-month period, 90 corporates raised Rs.10117 crore, giving it a 26 per cent share.**

On the other hand, the mobilisation by the state level undertakings, according to PRIME, recorded a fall. 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 had reached a high Rs.16780 crore, representing 31% of the total. In the recently concluded 9-month period, the share of SLUs went down to 21 per cent with a mobilisation of Rs.8197 crore. **It may be mentioned that most of the funds raised by SLUs have been for the infrastructure sector, mainly power, roads and water resources.**

The raisings by PSUs, as per PRIME, saw a marginal improvement. While their mobilisation had dropped from Rs.5301 crore in full fiscal 1996-1997 to Rs.4008 crore in 1997-1998 to Rs.3110 crore in 1998-1999, the previous year had seen it rise to a high Rs.8436 crore. In the recent 9-month period, an amount of Rs.6161 crore was raised by PSUs, up from rs. 3976 crore in the 6-month period.

According to PRIME, there was a comeback in the share of mobilisation by the all-India financial institutions/ banks. 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 and further down to 25 per cent in the first half of the current fiscal. In the 9-month period, the share of financial institutions/ banks rose to 34 per cent.

Government organisations and developmental financial institutions/ banks, put together, nevertheless continued to dominate, mobilising a high 74 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, 81 per cent in 1998-99 and 77 per cent in 1999-00.

Among government organisations, all-Indian financial institutions/ banks led with a 34 per cent share (Rs.13491 crore) followed with a 21 per cent share by state level undertakings (Rs.8197 crore), a 16 per cent share by PSUs (Rs.6161 crore) and a 4 per cent share by state financial institutions (Rs.1502 crore) as per PRIME.

Issuer Type	No.of Issuers	Amount (Rs.crore)	%
All-India Fin.Inst.& Banks	22	13491	34
State Fin.Inst.	6	1502	4
Public Sector Undertakings	14	6161	16
State Level Undertakings	36	8197	21
Private Sector	90	10117	26
	168	39468	101

The highest mobilisation through debt private placements during the period was by ICICI (Rs.2946 crore), followed by SBI (2500), GE Capital (1435), PFC (1426), Reliance (1383), IDBI (1260), REC (1149), IFCI (1022), GEB (1000), HPCL (1000), HUDCO (889), Nirma (870), APPFC (863), Konkan Railway (693) and HDFC (650). **The single largest placement of the period was made by State Bank of India in December aggregating Rs. 2500 crore.**

On an industry-wise basis, the financial services sector, according to PRIME, continued to dominate the market, collectively raising Rs.18445 crore or 47 per cent of the total amount, though its share fell from a high 54 per cent in 1998-99 and 39 per cent in 1999-00. Power ranked second with a 15 per cent share (Rs.5977 crore), followed by water resources (1972).