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Annual Review

Rs.46220 CRORE RAISED THRU DEBT PRIVATE PLACEMENTS IN 2001-02 : PRIME

The recently concluded fiscal 2001-02 witnessed a continuing activity in mobilisation of debt (bonds) through private placement, with **205 institutions and corporates mobilising an amount of Rs.46220 crore**. This has been reported in the Annual Report released by **PRIME** which operates the country's premier and only database on debt private placements. Only such deals which have a tenor and put/ call option of more than 1 year are reflected in this database.

However, according to Mr.Prithvi Haldea of PRIME, the year's mobilisation of Rs.46220 crore was 12 per cent lower than Rs. 52456 crore which was raised in the previous year. This is the first time that the market has seen a decline on a year-to-year basis. In all past 6 years, debt private placement had been growing at a rapid pace.

The major decline in mobilisation, as per PRIME, came by the state level undertakings who recorded a 44 per cent fall from Rs.11314 crore in 2000-01 to Rs.6334 crore. The instruction of RBI to banks to become more diligent with investments in debt private placements, specially those made by SLUs, was the major reason for the decline. Most of the funds raised by SLUs continued to be for the infrastructure sector, mainly power, roads and water resources. The leader in mobilisers was Sardar Sarovar (Rs.624 crore), followed by GEB (551), KBJNL (397), TIDCO (389) and J&KSPDC (343).

According to PRIME, the year also witnessed an 18 per cent decline in mobilisation by the all-India financial institutions/ banks, down from Rs.22787 crore to Rs.18603 crore. Leading the pack of mobilisers was ICICI (Rs.3018 crore), followed by HUDCO (1968), REC (1469), PFC (1420) and IDBI (1210).

A notable development of the period, Mr.Haldea stated, was the increasing mobilisation by the private sector. In fiscal 2000-01, corporates had raised Rs.9169 crore. In 2001-02, a 22 per cent increase was recorded at Rs.11200 crore. Significantly, most of the private sector debt was of AAA category and was raised for retirement of old expensive debt or acquisitions. Leading the mobilisers in this sector was GE Capital (Rs.1201 crore), followed by Reliance Petroleum (1086), Panatone Finvest of Tatas (800), Gujarat Ambuja Cements (675) and TISCO (550).

The raisings by PSUs too saw a 21 percent improvement, according to PRIME. While the previous year had seen a mobilisation of Rs.6912 crore, in the year 2001-02, an amount of Rs.8375 crore was raised. Major mobilises were Power Grid (Rs. 1082 crore), SAIL (835), NHAI (806), NHPC (530), NTPC (500) and BHEL (500).

According to Mr.Haldea, Government organisations and financial institutions, put together, continued to dominate, mobilising a high 76 per cent of the total amount, though down from 83 per cent in the previous year. Among government organisations, all-India financial institutions/ banks led with a 40 per cent share, followed with a 14 per cent share by state level undertakings, an 18 per cent share by PSUs and a 4 per cent share by state financial institutions.

Issuer Type	No.of Issuers	Amount (Rs.crore)	%
All-India Fin.Inst.& Banks	41	18603	40
State Fin.Inst.	6	1709	4
Public Sector Undertakings	23	8375	18
State Level Undertakings	38	6334	14
Private Sector	97	11200	24
	205	46220	100

The highest mobilisation through debt private placements during the year was by ICICI (Rs.3018 crore), followed by HUDCO (1968), REC (1469), PFC (1420), IDBI (1210), GE Capital (1201), HDFC (1125), RPL (1086) and Power Grid (1082).

On an industry-wise basis, the PRIME report stated that the financial services sector continued to dominate the market, collectively raising Rs.23239 crore or 50 per cent of the total amount. Power ranked second with a 16 per cent share (Rs.7219 crore), followed by petroleum (2443) and water resources (1846).

According to PRIME, in addition to the above one-year tenor mobilisation of Rs. 46220 crore, an amount of Rs.12907 crore was raised through 494 deals of less than 1 year tenor debentures. Moreover, an amount of Rs. 1576 crore through 22 deals was raised through pass-through certificates (securitised paper).