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Rs.7669 CRORE RAISED THRU DEBT PRIVATE PLACEMENTS IN 1ST QUARTER: PRIME

The first quarter witnessed a mobilisation through debt (bonds) on private placement basis of **Rs.7669 crore, being mobilised by 44 institutions and corporates**. This has been reported 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.

On a quarter-on-quarter basis, the April-June quarter's raising of Rs.7669 crore, according to Mr.Prithvi Haldea of PRIME Database, meant a huge decline of 42 per cent over Rs.13264 crore mobilised in the corresponding quarter of the previous year. In comparison to the preceding January-March 2003 quarter too, which had witnessed a mobilisation of Rs.10309 crore, a decline of 26 per cent was recorded. It may be mentioned that full 2001-02 and 2002-03 had witnessed mobilisation of Rs.45427 crore and Rs.48424 crore respectively.

As per PRIME, compared to the same quarter in the previous year, the present quarter witnessed a huge 2.7 times increase in mobilisation by the all-India financial institutions/ banks, up from Rs.1584 crore to Rs.4309 crore. Leading the pack of mobilisers in this category was IDBI (Rs.929 crore), followed by NABARD (750), Exim Bank (600) and HDFC (525).

A major increase in mobilisation, according to PRIME, also came courtesy the state level undertakings who recorded a 49 per cent jump to Rs.681 crore compared to Rs.350 crore in the corresponding period of the previous year. Most of the funds raised by SLUs continued to be for the infrastructure sector, mainly power, roads and water resources. The leader in this category was TNEB (Rs.210 crore) followed by Rajasthan Rajya Vidyut Prasaran (120), Tapi Irrigation (88), Gujarat Electricity Board (80) and Vidarbha Irrigation (79).

Mr.Haldea stated that a notable development of the period was the huge decline in the mobilisation by the private sector. The attractive interest rates in the ECB market was the major reason for this fall. Its share at Rs.1057 crore was 52 per cent lower compared to Rs.2193 crore in the same period in the previous year. Significantly, most of the private sector debt was of AAA category and was raised for retirement of either old expensive debt or for acquisitions. Leading the mobilisers in this sector was Tata Sons (Rs.200 crore), followed by GE Capital (105), Cholamandalam Investment (100) and Citicorp Finance (100).

The biggest decline, according to PRIME, came in the raisings by PSUs at 93 percent. While the previous year's corresponding period had seen a mobilisation of Rs.7902 crore, only Rs.542 crore was raised in the current period. Major mobilises were Konkan Railway (Rs.487 crore) and ITI (Rs. 35 crore).

Government organisations and financial institutions, put together, increased their domination, mobilising a high 86 per cent of the total amount, up from 84 per cent in the previous year and 68 per cent in 2001-02. Among government organisations, all-India financial institutions/ banks led with a 56 per cent share, followed with a 14 per cent share by state financial institutions, a 9 per cent share by SLUs and a 7 per cent share by PSUs.

| Issuer Type | No.of Issuers | Amount (Rs.crore) | % |
|----------------------------|---------------|-------------------|-----|
| All-India Fin.Inst.& Banks | 10 | 4309 | 56 |
| State Fin.Inst. | 5 | 1079 | 14 |
| Public Sector Undertakings | 3 | 542 | 7 |
| State Level Undertakings | 8 | 681 | 9 |
| Private Sector | 18 | 1058 | 14 |
| | 44 | 7669 | 100 |

The highest mobilisation through debt private placements during the period was by IDBI (Rs.929 crore), followed by NABARD (750), Exim Bank (600), HDFC (525), IRFC (500), KRCL (487) and NHB (400).

According to PRIME, on an industry-wise basis, the financial services sector continued to dominate the market, collectively raising Rs.6130 crore or 80 per cent of the total amount. Transportation ranked second with a 6 per cent share (Rs.487 crore), followed by power (414).

In addition to the above one-year tenor mobilisation of Rs. 7669 crore, a significant additional amount of Rs.2657 crore was raised through 139 deals of less than 1 year tenor debentures by 33 issuers as per PRIME. Moreover, an amount of Rs. 1002 crore in 14 deals was raised through pass-through certificates (securitised paper).