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DEBT PRIVATE PLACEMENTS RISE TO RS.18104 CRORE IN 1996-97 : PRIME

Fiscal 1996-97 witnessed a major growth in debt private placements. **A total of 158 institutional and corporate organisations through 204 issues mobilised an amount of Rs.18104 crore by private placement of debt (excluding IDBI on-tap bonds) during the year.** This has been reported in a pioneering annual study done by **PRIME** which has recently launched the country's first data base on private placements.

In the previous year, 47 organisations through 73 issues had raised Rs.9964 crore. **Fiscal 1996-97 as such registered an 82 per cent increase in mobilisation and a 179 per cent increase in the number of issues.** (Interestingly, the total debt mobilisation through the public issue route in fiscal 1996-97 was only Rs. 6977 crore up from Rs. 2940 crore in 1995-96).

The largest private placement mobiliser of the year was IDBI (Rs.2550 crore) which was followed by IFCI (2506), MTNL (1833), SAIL (965), ICICI (930), IRFC (768), MKVDC (658), Power Grid (407), RSEB (400) and Coal India (400).

Significantly, 90 per cent of the total amount was mobilised by government organisations through 80 issues according to Mr.Prithvi Haldea of **PRIME** data base. All-India financial institutions led with a 46 per cent share (Rs.8282 crore) followed by PSUs with a 29 per cent share (Rs.5301 crore). The growing mobilisation by state level organisations was also an interesting development. As against 5 such organisations raising Rs.331 crore in the previous year, 1996-97 saw 16 state level organisations mopping up Rs.2755 crore. Some of the new entrants included RSEB, HPSEB, MPEB, KSEB and H.P.Forest Corporation.

The year witnessed a major **emergence of the private sector as per the PRIME report.** Faced with poor conditions in the primary capital market, several corporates opted for the private placement route. **While only 15 private sector companies had made placements in 1995-96 (aggregating Rs.448 crore), fiscal 1996-97 saw this rise to 110 companies raising Rs.1766 crore.**

Issuer Type	No.of Issuers	No.of Issues	Amount (Rs.crore)
All-India Fin. Inst.& Banks	15	30	8282
State Fin.Inst.	2	3	175
Public Sector Undertakings	17	25	5301
State Level Undertakings	14	22	2580
Private Sector	110	124	1766
	158	204	18104

According to PRIME, **the financial services sector comprising FIs, banks and private sector finance companies dominated the scene cornering Rs.9193 crore or 51 per cent of the total amount** (up from Rs.6007 crore in the previous year). Power ranked second with a 15 per cent share (Rs.2802 crore). The other sectors included telecommunications (Rs.1833 crore), steel (1264), industrial development corp.(483), mining (400) and water resources (306).

Coupon rates presented an interesting picture. While tax-free bond issues offered rates of 9 and 10.5 per cent, the taxable debentures/bonds had coupon rates ranging from 14 per cent to a high 32 per cent. Overall, 72 per cent of the mobilisation was in the interest band of 15-17 per cent. **Interestingly, while 46 per cent of the raisings by the private sector were in the interest band of 18-20 per cent, over 93 per cent of the mobilisation by Government organisations was below 17.5 per cent interest level.**

Only 92 issues went for credit rating while 99 did not get rated. Of the total, an amount of Rs.13079 crore was raised by rated issues and Rs,5025 crore by unrated issues, as per the PRIME report .

Only 67 issues opted for listing. NSE occupied the first position with 50 of the 67 companies proposing to list their issues with it. Delhi ranked second with 12 issues and Bombay was at the third position with 9 issues.