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PRIMARY MARKET DOWN TO ONLY 1 PUBLIC ISSUE IN SEPTEMBER

The primary capital market continues to be in a pathetic state and has hit rockbottom in September according to PRIME data base. While July and August had 2 and 3 public issues respectively, September witnessed only 1 issue, and that too for a meagre amount of Rs.1 crore (from a small finance company). The only other month in the last decade with 1 public issue was June 1991.

The success of the ICICI Bank issue in August was heralded as the revival of the primary market. This is far from true. According to Mr.Prithvi Haldea of **PRIME**, the primary market should be considered to have revived only when more number of issues start hitting the market, with favourable response from the investors.

Revival of the primary market appears remote, specially for the private sector, despite the buoyancy of over 8 months in the secondary market. Major offerings on the horizon are still very few and are almost all from the public sector or from banks, **making for a near-monopolisation of the primary market by the Government.**

While the issues of Corporation Bank and GMDC are opening in October, the other equity public issues lined up are from VSNL (Rs.62 crore), IBP (40), State Bank of Bikaner & Jaipur (68), State Bank of Hyderabad (58), State Bank of Travancore (83) and PNB (500). Some issues from the private sector banks may also hit the market: Indusind Bank (180), IDBI Bank (150), Centurion Bank (34), Times Bank (250) and UTI Bank (60). Equity issues may also materialise from MTNL,IOC,GAIL and Oil India.

In addition, public bonds issues are expected from ICICI (Rs.300 crore), Bank of India (1000), Ahmedabad Municipal Corporation (100) and IDBI.

The only private sector equity issues in the pipeline are from Nirma (Rs.350 crore) and Gontermann Piepers (145).

According to PRIME, an indication of what is in store can be gauged by the alarming decline in the number of public issue documents filed with SEBI for clearance. From an average of 149 documents per month in the January - June 1996 period, the figure fell to only 24 per month in the July - December 1996 period and is now down to **only 7 per month in the January - August 1997 period.** During the first 3 weeks of September, only 6 documents have been submitted to SEBI for clearance.

The present state of the market paints only a gloomy picture for the year 1997-98, according to Mr.Haldea. The current fiscal, in the first six months, has seen only **42 public issues raising a meagre Rs.348 crore** compared to 577 issues aggregating Rs.6199 crore in the corresponding period of the previous fiscal. **This represents an alarming 93 per cent decline in amount mobilisation and a 94 per cent fall in number of issues.** The corresponding figures in 1995 were 571 public issues for Rs.4894 crore.

As per **PRIME**, it is now for the sixth month in succession that the primary market has witnessed an extremely low level of mobilisation through public issues. The Rs.1 crore mobilisation in September represents a substantial fall from even the poor earlier months' figures : Rs.147 crore in August (courtesy ICICI Bank issue) Rs.3 crore in July, Rs.53 crore in June, Rs. 72 crore in May and Rs.73 crore in April. The number of issues at 1 too is low compared to 3 in August, 2 in July, 13 in June, 9 in May and 15 in April.

Significantly, the first six months have been marked by a total absence of public debt issues, which had dominated the entire previous year. Also missing, according to Mr.Haldea, are mega equity issues both from the public and private sector. Premium issues too have remained in the hiding with no such issue in September. In fact, in the previous 11 months, there have been only 11 premium issues, 4 of which have been from the public sector.