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RS 21859 CRORE MOPPED THROUGH DEBT PRIVATE PLACEMENTS IN 9-MONTH CURRENT FISCAL: PRIME

While the primary capital market for equity and debt continued to languish and reached low levels with only 56 public issues raising a meagre Rs.1468 crore, the first nine months of fiscal 1997-98 witnessed a major growth in the private placement of debt with a **total of 104 institutional and corporate organisations through 173 issues mobilising an amount of Rs.21859 crore**. This has been reported by Mr.Prithvi Haldea in the Nine-Monthly Report of **PRIME** which operates the country's first and only data base on private placements.

Significantly, over 99 per cent of the amount was raised by the government sector and large corporates. On the other hand, a majority of the investors in the private placement issues continued to be institutional investors like financial institutions, banks, provident funds, trusts, rural banks and corporates. This, therefore, according to Mr.Haldea in no way reflects mobilisation of household savings as in the case of the primary capital market.

In the previous full year, 159 organisations through 204 issues had raised Rs.18391 crore. The first nine months, as such on a pro-rata basis, represent a substantial increase. **Incidentally, the first nine months of fiscal 1996-97 had witnessed a mobilisation of Rs.13520 crore and the increase in the corresponding current nine month's mobilisation is, therefore, a significant 62 per cent.**

The largest private placement mobiliser of the 9 - month period was IDBI (Rs.2350 crore), followed by IFCI (1610), IRFC (1381), ICICI (1360), MSRDC (1200), Sardar Sarovar (644), Reliance Telecom (600), KSEB (500), SAIL (497) and IPCL (450).

As per PRIME, though a high 73 per cent of the total amount was mopped up by government organisations, this represented a fall from its 90 per cent share in the preceding full fiscal. All- India financial institutions and banks led with a 33 per cent share (Rs.7209 crore) followed by a 23 per cent share by state level undertakings (Rs.5108 crore) and 15 per cent share by PSUs (Rs.3378 crore).

A significant feature of the current fiscal was the growing emergence of state level undertakings, raising resources primarily for infrastructure projects. From a meagre Rs.311 crore in 1995-96 to Rs.2630 crore in 1996-97, the first 9 months of the current fiscal saw this sector raising a high Rs.5108 crore.

The period, according to the **PRIME** report, witnessed **an increasing mobilisation by the private sector**. Declining interest rates on the one hand and poor conditions in the primary capital market led to several corporates opting for the private placement route. **While only 15 private sector companies had made placements in 1995-96 aggregating Rs.528 crore (5 per cent share), fiscal 1996-97 saw this jump to 111 companies raising Rs.1813 crore (10 per cent share).** In the first nine months of current fiscal, the private sector raised a high Rs.5884 crore, representing 27 per cent of the total mobilisation.

Significantly, unlike the previous year, the mobilisation from the private sector in the current period was from fewer companies (59) and most of these were large corporates with big issues. The average size of the private sector's issue in the period, Mr. Haldea stated, was Rs.100 crore compared to only Rs.16 crore in fiscal 1996-97. Major mobilisation were made by Reliance Telecom (Rs.600 crore), Gujarat Industries Power (409), Indo Gulf Fertilizers (400), Reliance Industries (400) and Kotak Mahindra (323).

Issuer Type	No.of Issuers	Amount (Rs.crore)
All-India Fin.Inst.& Banks	9	7209
State Fin.Inst.	2	280
Public Sector Undertakings	15	3378
State Level Undertakings	19	5108
Private Sector	59	5884
	104	21859

The financial services sector, points out the PRIME report, comprising FIs, banks and private sector finance companies continued to dominate the market cornering Rs.8668 crore or 40 per cent of the total amount (though lower than 51 per cent in the previous year). Power ranked second with a 12 per cent share (Rs.2674 crore). The other sectors included water resources (1874), roads (1608), petrochemicals (950), telecommunications (930) and steel (623).

118 of the 173 issues went for credit rating. Of the total Rs.21859 crore, an amount of Rs.18615 crore was raised by rated issues and Rs.3244 crore by unrated issues.

According to **PRIME**, only 78 of the 173 issues opted for listing. NSE occupied the first position with 75 of the 78 issues proposing listing with it. Delhi and Vadodara ranked second with 2 issues each. BSE was conspicuous by its absence.