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SBICAP, DSP LEAD BOOMING PRIVATE PLACEMENT LEAGUE

SBICAP reached the top position in fiscal 1997-98 as arrangers for private placement of debt, being involved with issues aggregating Rs.12812 crore. DSP Merrill Lynch followed very closely with Rs.12730 crore while RR Financial was at 3rd position with Rs.11284 crore and Kotak Mahindra at 4th position with Rs.10370 crore. This has been reported by **PRIME**, the country's first and only data base on private placements.

Fiscal 1997-98 witnessed a major growth in the private placement of debt with a **total of 146 institutional and corporate organisations through 239 issue mobilising an amount of Rs.30359 crore.**

Compared to 1996-97 when 159 organisations had raised Rs.18391 crore, the fiscal 1997-98 thus represents a substantial 65% increase. Incidentally, fiscal 1995-96 had witnessed a mobilisation of Rs.10035 crore. The size of the market has as such trebled over the last 2 years.

Though a high 76 per cent of the total amount was mopped up by government organisations, this represented a fall from its 90 per cent share in 1996-97 and 95 per cent in 1995-96. All- India financial institutions and banks led with a 40 per cent share (Rs.12116 crore) followed by a 22 per cent share by state level undertakings (Rs.6726 crore) and 13 per cent share by PSUs (Rs.3988 crore) and a 1 per cent share by state financial institutions (Rs.405 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 recent fiscal saw this sector raising a high Rs.6726 crore.

The period 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 recent fiscal, the private sector raised a high Rs.7125 crore, representing 24 per cent of the total mobilisation.

Issuer Type	No.of Issuers	Amount (Rs.crore)
All-India Fin.Inst.& Banks	15	12116
State Fin.Inst.	3	405
Public Sector Undertakings	17	3988
State Level Undertakings	23	6726
Private Sector	88	7125
	146	30359

The financial services sector comprising FIs, banks and private sector finance companies continued to dominate the market cornering Rs.14342 crore or 47 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.3777 crore). The other sectors included water resources (2186), roads (160), telecommunications (1240), petrochemicals (950) and steel (867).