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DEBT PRIVATE PLACEMENTS DOWN : RS.6730 CRORE RAISED IN FIRST QUARTER 1998-99: PRIME

Unlike the unprecedented growth during the past three years, the first quarter of fiscal 1998-99 witnessed a decline in private placement of debt. An amount of only **Rs.6730 crore was mobilised by 48 institutional and corporate organisations through 69 issues**. This has been reported in a report released by Mr.Prithvi Haldea of **PRIME** which operates the country's first and only data base on private placements.

In 1996-97, the mobilisation was Rs.18391 crore, while 1997-98 saw this rise to a high Rs.30983 crore. The drop is mainly attributable to the lower mobilisation by financial institutions; down from Rs.12744 crore in 1997-98, to only Rs.2313 crore in the recent quarter.

The highest mobilisation through debt private placement during the quarter was made by IDBI (Rs.774 crore), followed by IFCI (590), SAIL (570), ICICI (415), KBJN (320), MKVDC(303), and RSEB (300).

Significantly, according to PRIME, a high 80 per cent of the total amount was mopped up by government organisations. This represented an increase from its 75 per cent share in 1997-98 through a fall from 90 per cent in 1996-97.

Among government organisations, all- India financial institutions and banks led with a 34 per cent share (Rs.2313 crore) followed with a 27 per cent share by state level undertakings (Rs.1812 crore), an 18 per cent share by PSUs (Rs.1233 crore) with no raisings by state financial institutions. On the other hand, the private sector raised Rs.1371 crore, representing 20 per cent of the total mobilisation.

Issuer Type	No.of Issuers	Amount (Rs.crore)	%
All-India Fin.Inst.& Banks	8	2313	34
State Fin.Inst.	0	0	0
Public Sector Undertakings	6	1233	18
State Level Undertakings	12	1812	27
Private Sector	22	1371	20
	48	6730	100

A notable feature of quarter, as per PRIME, was the growing emergence of state level undertakings, which raised resources primarily for infrastructure. From a meagre Rs.311 crore in 1995-96, Rs.2630 crore in 1996-97 and Rs.6726 crore in 1997-98, the recent quarter saw this sector raising a high Rs.1812 crore. The major mobilisers were Krishna Bhagya Jala Nigam (320), MKVDC (303), RSEB (300), PSEB (250) and KSEB (200).

The quarter, according to **PRIME**, witnessed a marked decline in the mobilisation by the private sector. While **Rs.7763 crore** was raised by 95 companies in full 1997-98, the recent quarter saw this sector raise only **Rs.1371 crore**.

The financial sector continued to dominate the market, collectively raising Rs.2594 crore or 38 per cent of the total amount. Power ranked second with a 19 per cent share (Rs.1288 crore), followed by steel (877) and water resources (517).

45 of the 69 issues went for credit rating. Of the total Rs.6730 crore, an amount of Rs.5226 crore (78 per cent) was raised by rated issues and Rs.1504 crore by unrated issues.

Only 27 of the 69 issues opted for listing. NSE occupied the top position with 25 of the 27 issues proposing listing with it.

A significant aspect of the private placement market, according to Mr.Haldea, has been that both the mobilisers as well as the investors are mainly institutions and this, therefore, in no way reflects any direct mobilisation of household savings as is the case of the primary capital market.