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PRIMARY MARKET AGAIN HAS ONLY 1 PUBLIC ISSUE IN AUGUST

The primary capital market continues to be limbless according to a study done by Mr.Prithvi Haldea of PRIME, the country's premier database. August, like July, witnessed only one public issue, and that too like July was a debt issue from ICICI.

The current fiscal, in the first five months, has seen only **12 public issues raising a meagre Rs.1402 crore**, compared to 62 issues aggregating Rs.3061 crore in full 1997-98 and 753 issues for Rs.11648 crore in full 1996-97.

A significant, but worrying, feature, according to Mr.Haldea, is the near-total **absence of equity**. Public issues of equity at Rs.182 crore have accounted for only 13 per cent of the five-month period's total mobilisation. These have successively been going down from a high 100 per cent (Rs.13312 crore) in 1994-95.

The most adversely affected are the corporates. **Only Rs.83 crore representing 6 percent of the total funds raised in the five-month period of the current fiscal have been from the manufacturing sector, down from a high 83 per cent in 1994-95.**

On the other hand, financial institutions and banks, as per PRIME, have continued to dominate. Their raisings at Rs.1318 crore constitute 94 per cent of the five month period's total amount, up from a meagre 4 per cent in 1994-95.

The Government continues to monopolise the primary market, with a 93 per cent share in five month period's total mobilisation, up from 9 per cent in 1994-95.

According to PRIME, it is now for the **fourteenth month in succession** that the primary market has witnessed an extremely low level of activity in public issues. Since July 1997, there have been only 38 public issues. While August 1998 had 1 public issue, the earlier monthly figures have also been equally dismal : July (1), June (5), May (3), April (2), March (2), February (0), January (4), December 1997 (6), November (4), October (4), September (1), August (3) and July (2).

IPOs, in specific, have been badly hit. IPOs, which are essentially first public issues from unlisted companies, had already fallen from a high of 1350 in 1995-96 to only 51 in 1997-98. These are now down to only 7 in the first five months of fiscal 1998-99 mobilising a meagre sum of Rs.124 crore.

Given the state of the market and economy, Mr.Haldea projects that the balance period of 1998-99 may also be dismal. One of the pointers is the number of public issue documents filed with SEBI for clearance. From an average of 87 documents per month in the January - December 1996 period, the figure fell to only 7 per month in the January - December 1997 period and is now down to **only 3 per month in the January - August 1998 period.**

Rescue act, if any, may come only from some bank issues and from materialisation of the disinvestment programme. What we may, continue to, still see is some amount of debt mobilisation.