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## **MANUFACTURING SECTOR'S PUBLIC ISSUE EQUITY MOBILISATION MEAGRE RS.111 CRORE IN FIRST HALF**

**Equity mobilisation through public issues by the manufacturing sector has now come to a standstill** according to Mr.Prithvi Haldea of **PRIME**, the country's premier data base on the primary capital market. This adversely-affected sector has ended up with raising an amount of only **Rs.111 crore through just 8 issues in the recently concluded 6-month period of fiscal 1998-99**. This represents a major fall successively over the last 3 years, from a high of Rs.11005 crore in full 1994-95.

Worse, even this paltry amount, according to Mr.Haldea, has not come from the investing public. **Poor sentiments, compounded by consistent poor quality of issues which abound despite entry barriers, have seen the investors reject all of these 8 offerings** leading to substantial devolvments as in the case of Abhishek Spinfab (Rs.20 crore), Dewan Sugars (14) and Welspun Syntex (35) and withdrawal of Highway Users' issue (7) due to lack of investors applications. The issue of Ashapura Minechem (20) has been so heavily overpriced in comparison to its market price as not to evoke any public response. The total amount of these 5 (out of 8) issues is Rs.96 crore (out of total Rs.111 crore). The remaining 3 issues, which are all small, were only 'technical' in nature without any public subscriptions.

As per **PRIME**, for the second year in running, equity on the whole seems to have disappeared. Such public issues raised only Rs.332 crore in the recent six-month period; the amount in corresponding periods of 1996 and 1997 were Rs.2273 crore and Rs.341 crore respectively. The high point was full 1994-95 when Rs.13312 crore was raised through equity. Disappointment with issues of the 1992-1995 period is mainly responsible for this pathetic fall.

Significantly, of the total equity of Rs.332 crore, as much as Rs.216 crore (65 per cent) was raised by banks, leaving Rs.111 crore by manufacturing sector and Rs.5 crore by NBFCs.

**Initial public offerings (IPOs) are, of course, heading towards extinction.** IPOs, which are essentially first public equity issues from unlisted companies, had already fallen from a high of 1350 in 1995-96 to 716 in 1996-97 to only 51 in 1997-98. These are now down to a meagre 11 in the first six months of fiscal 1998-99.

In all, only 18 public issues hit the market between April and September according to **PRIME** data base. **That any mobilisation took place in the primary market was courtesy debt public issues from ICICI and IDBI** which together at Rs.2076 crore constituted 86 per cent of the six-month's total mobilisation of Rs.2409 crore.

**On the whole, putting debt and equity together, financial institutions and banks continued to dominate.** Their raisings at Rs.2293 crore constituted 95 per

cent of the period's total amount, significantly up from a meagre 4 per cent in 1994-95.

For the **fifteenth month in succession**, the primary market, according to Mr.Haldea, has witnessed an extremely low level of activity through public issues with only 44 such issues between July 1997 and September 1998. While September 1998 saw a minor spurt with 6 issues courtesy banks and institutions, the earlier monthly figures have been very low : August (1), 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).

**With no immediate signs of revival of the market and economy, the balance six month period of 1998-99 may also be equally disappointing feels Mr.Haldea.** Despite frequent upsurges in the secondary markets, there has been no movement in the primary market. One of the pointers of the dismal future is the number of public issue documents being filed with SEBI for clearance, the per month average falling from 87 in 1996 to 7 in 1997 and to **only 3 in the January - September 1998 period.**

According to Mr.Haldea, **the real hope of the market is from disinvestment by PSUs**, which unfortunately is still mired in controversies. An early investor-friendly decision in this respect would long be remembered as a breakthrough step in revival of the primary market. Some more issues from banks may also to materialise, mainly those forced by the RBI to do so.