COMPANIES GO SLOW ON RAISING BONDS

Companies are opting for private placements, rather than issuing bonds in public. In any case, private placements have been dominating the corporate bond space, but this seems to have become the norm now as companies are not getting money from the bond market easily. Considering more than 70% of the market is dominated by non-banking financial companies (NBFCs) struggling to raise funds from the market, this finding by CARE Ratings is not surprising. The rating agency took the data from various sources, and found that private placements in the first half of FY20 was ₹2.5 trillion, against ₹1.77 trillion last year, whereas, public issues were lower at ₹8,034 crore, against ₹27,218 crore last year. At the same time, the commercial paper (CP) market "has been quite subdued and growth in outstanding paper has increased by just 4.8 per cent between March 31 and September 15, 2019, compared with 72 per cent last year," said CARE Ratings. The main reason for this is the near absence of NBFCs from the market.

ANUP ROY

Corporate bond issuance in H1

Sources: CARE Ratings, PRIME Database, CMIE

Sector-wise share in cumulative issuances

(%)

Sector	2018	2019
All industries	100	100
Non-financial	25.20	25.50
Manufacturing	2.10	1.80
Mining	2.50	1.00
Electricity	1.10	1.90
Services*	13.40	13.90
Construction & real estate	6.20	7.00
Financial services	74.80	74.50

*Other than financial