

## **Fundraising By Corporates: Setting A New Record**

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Indian companies raised a record Rs 9.97 lakh crore through equity and debt in 2020 (as on December 21). Of the total, Rs 7.58 lakh crore was collected from the debt market and Rs 2.38 lakh crore came from the equity market; Rs 7,092 crore was mopped through the overseas route.

*The measure:* Corporates tap financial resources to usually expand or pare their debt and explore various options such as debt and equity, depending on their feasibility.

*And its implications:* "Looking at both equity and debt fundraising, one of the key drivers has been lower interest rate and the resultant liquidity. Corporates are raising record amount of money, the so-called 'Covid capital,' to create a buffer in case of any future crisis," says Pranav Haldea, Managing Director, PRIME Database Group. The equity break-up shows around Rs 26,611 crore was raised from IPOs, while another Rs 1.45 lakh crore was mopped up through QIPs and rights issue, in the year so far.

"Indices are trading at all-time highs, but there is a lot of pain in the economy, which is not getting reflected. Any unforeseen event or negative news flow can cause a correction in the secondary market, following which primary market activity will also slow down. At some point, interest rates will also start moving upwards, which will suck up the excess liquidity in the system," adds Haldea.