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RS.26719 CRORE RAISED THRU DEBT PRIVATE PLACEMENTS IN NINE MONTHS 1998-99 : PRIME

The Indian capital market raisings are now debt-dominated. On the one hand, almost the entire public issue mobilisation has been through debt offerings. On the other, the first nine months of fiscal 1998-99 also witnessed a booming activity in the private placement of debt, with **124 institutions and corporates mobilising an amount of Rs.26719 crore**. This has been reported by Mr.Prithvi Haldea, releasing the Nine-Monthly Report of **PRIME** on debt private placements.

The first nine months of **fiscal 1998-99 represents a 6 per cent increase over Rs.25127 crore raised in the corresponding period of the previous year**. Incidentally, full fiscals 1995-96, 1996-97 and 1997-98 had witnessed mobilisations of Rs.10035 crore, Rs.18391 crore and Rs.30983 crore respectively, according to PRIME.

The highest mobilisation through debt private placement during the nine month period was by IDBI (Rs.5446 crore), followed by IFCI (2848), ICICI (2677), MKVDC (760), Reliance Industries (675), HUDCO (648), KBJNL (615), SAIL (570), APSEB (519), MJP (513) and Rs.500 crore each by MSEB, IDFC, EXIM Bank and Reliance Telecom.

As per the PRIME report, **Government organisations and development financial institutions continued to dominate, mobilising a high 81 per cent of the total amount in private placements. This represented an increase from their 75 per cent share in 1997-98, though a fall from 90 per cent in 1996-97.**

Among government organisations, the all-India financial institutions and banks led with a 55 per cent share (Rs.14592 crore) followed with a 20 per cent share by state level undertakings (Rs.5443 crore), a 5 per cent share by PSUs (Rs.1403 crore) and a 1 per cent share by state financial institutions (Rs.150 crore).

Issuer Type	No.of Issuers	Amount (Rs.crore)	%
All-India Fin.Inst.& Banks	16	14592	55
State Fin.Inst.	1	150	1
Public Sector Undertakings	12	1403	5
State Level Undertakings	23	5443	20
Private Sector	72	5130	19
	124	26719	100

Notably, the mobilisation by state level undertakings, according to the PRIME study, has been on the rise, most of which has been for infrastructure. From a meagre Rs.311 crore in full 1995-96 and Rs.2630 crore in 1996-97, 1997-98 had seen this sector raise a high Rs.6726 crore. In the nine-month period of 1998-99, the SLUs raised Rs.5443 crore. The major mobilisers were Maharashtra Krishna Valley Dev.Corp.(Rs.760 crore), Krishna Bhagya Jala Nigam (615), APSEB (519), Maharashtra Jeevan Pradhikaran (513), MSEB (500), KSEB (400), and PSEB (350).

On the other hand, there was a drop in the mobilisation efforts of PSUs ; down from Rs.5301 crore in 1996-97 to Rs.4008 crore in 1997-98 to only Rs.1403 crore in the 9-month period.

According to PRIME, the period also witnessed **a decline in the mobilisation by the private sector. While Rs.7763 crore had been raised by 95 companies in full 1997-98, the recent nine-month period saw 72 companies from this sector raise Rs.5130 crore, which works out lower on a pro-rata basis.**

Significantly, the financial services sector continued to dominate the market, collectively raising Rs.15837 crore or 59 per cent of the total amount. Power ranked second with a 16 per cent share (Rs.4202 crore), followed by water resources (1333), telecommunications (1032) and steel (988).

Mr.Haldea stated that a notable aspect of the private placement market has been that both mobilisers as well as investors are only institutional and there is hardly any retailing of such issues. Also, the placements do not in any way reflect any direct mobilisation of household savings as is the case in the primary capital market.