

1st December, 1999

DEBT PRIVATE PLACEMENTS AT RS.22949 CRORE IN FIRST HALF 1999 : PRIME

The first half of 1999-2000 (April- September) witnessed a significant increase in mobilisation through private placement of debt, with 135 **institutions and corporates mobilising an amount of Rs.22949 crore**. According to Mr.Prithvi Haldea of **PRIME** which operates the country's premier data base on debt private placements.

This period's mobilisation of Rs.22949 crore, as per PRIME, compares favourably with the corresponding period of the previous year which had seen a mobilisation of Rs.20367 crore. It also reflects an increase, on a pro-rata basis, compared to full fiscal 1998-99, which had witnessed a mobilisation of Rs.41286 crore. 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 Mr.Haldea.

It may also be mentioned here that while the first quarter of the current fiscal saw placements aggregating Rs.9701 crore, the second quarter saw it jump to Rs.13248 crore.

As in the first quarter, mobilisation by the state level undertakings, according to PRIME, continued to record a new high, giving it the status of the top mobiliser. From a meagre Rs.311 crore in full 1995-96, the mobilisation has seen a consistent rise to Rs.2630 crore in 1996-97, Rs.6726 crore in 1997-98 and on to Rs.9479 crore in 1998-99. In the first six month of the current fiscal, their mobilisation has already reached Rs.8359 crore. **Most of the funds raised by SLUs have been for the infrastructure sector, mainly power, roads and water resources.**

The period also witnessed a significant improvement in the mobilisation by the private sector. **While Rs.7763 crore had been raised by 95 companies in full fiscal 1997-98, the year 1998-99 had seen 127 companies from this sector raise Rs.7426 crore. In the first half, 77 corporates have already raised a high Rs.6044 crore, according to PRIME.**

On the other hand, there was a turnaround in the raisings by PSUs. While their mobilisation had been dropping from Rs.5301 crore in full fiscal 1996-97 to Rs.4008 crore in 1997-98 to Rs.3110 crore in 1998-99, the first half of this year saw it rise to a high Rs.3775 crore.

Most notable, however, has been the dropping down of the all-India financial institutions from their position of prime mobilisers. In each of the previous four years, their share was the highest; in full 1998-99, for example, 48 per cent of the total funds were raised by these institutions. Their share in the current period, however, has fallen to only 18 per cent. In terms of amount, while the financial institutions had raised Rs.18604 crore in full 1998-99, their raising has been only Rs.4091 crore in the first half of the current year.

According to PRIME, Government organisations and developmental financial institutions, put together, continued to dominate, mobilising a high 74 per cent of the total amount in private placements. This, however, represented a decline from their 90 per cent share in 1996-97, 75 per cent in 1997-98 and 81 per cent in 1998-99.

Among the government organisations, state level undertakings led with a 36 per cent share (Rs.8359 crore) followed with a 18 per cent share by all-India financial institutions (Rs.4091 crore), a 16 per cent share by PSUs (Rs.3775 crore) and a 3 per cent share by state financial institutions (Rs.679 crore).

Issuer Type	No.of Issuers	Amount (Rs.crore)	%
All-India Fin.Inst.& Banks	15	4091	18
State Fin.Inst.	2	679	3
Public Sector Undertakings	10	3775	16
State Level Undertakings	31	8359	36
Private Sector	77	6044	26
	135	22949	100

The highest mobilisation through debt private placements during the six-month period was by Sardar Sarovar (Rs.1150 crore), followed by Reliance (1148), MSRDC (950), IFCI (938), MKVDC (929), MTNL (900), ICICI(829) and Transmission Corp.of Orissa (800).

Notably, the financial services sector, according to Mr.Haldea, continued to dominate the market, collectively raising Rs.6596 crore or 29 per cent of the total amount; though the share fell from a high 54 per cent in 1998-99. Power ranked second with a 19 per cent share (Rs.4463 crore), followed by water resources (2790), petrochemicals (1578) and telecommunications (1185).