

21<sup>st</sup> August, 2000

## **Rs.10304 CRORE RAISED THRU DEBT PRIVATE PLACEMENTS IN 1<sup>ST</sup> QUARTER : PRIME**

The recently concluded first quarter of the current fiscal witnessed a continuing activity in mobilisation through private placement of debt, with **68 institutions and corporates mobilising an amount of Rs.10304 crore**. This has been reported in the Report released by **PRIME** which operates the country's premier and only data base on debt private placements.

**This quarter's mobilisation of Rs.10304 crore, according to Mr.Prithvi Haldea of PRIME, compares favourably with the Rs.10619 crore which was mobilised in the corresponding quarter of the previous year. On an annualised basis, however, the raising in the recent quarter was lower as the preceding full year had seen a mobilisation of Rs.54701 crore. Nevertheless, the raisings traditionally increase with each successive quarter and given the appetite for funds, the current year may touch or even cross the previous year's mobilisation.** In fact, this market has been growing at a rapid pace consistently over the past 5 years. The fiscals 1995-1996, 1996-1997, 1997-1998 and 1998-99 had witnessed placements of Rs.10035 crore, Rs.18391 crore, Rs.30983 crore and Rs.38748 crore respectively.

**A notable development of the period, according to PRIME, was the increasing mobilisation by the state level undertakings which made it retain , like the previous year, the status of the top mobiliser, replacing the all-Indian financial institutions/ banks.** From a meagre Rs.311 crore in full 1995-1996, the mobilisation has seen a consistent rise to Rs.2630 crore in 1996-1997, Rs.6726 crore in 1997-1998 and on to Rs.9479 crore in 1998-1999. In fiscal 1999-00 their mobilisation had reached Rs.16526 crore, representing 30% of the total. In the recently concluded quarter, the share of SLUs went up to 37 per cent. **Most of the funds raised by SLUs have been for the infrastructure sector, mainly power, roads and water resources.**

As per PRIME, the period also witnessed a significant activity **in the mobilisation by the private sector. While Rs.7763 crore had been raised by 95 companies in full fiscal 1997-1998, the year 1998-99 had seen 127 companies from this sector raise Rs.7426 crore. In fiscal 1999-00, 117 corporates raised a high Rs.12595 crore. In the recent quarter, 37 corporates raised Rs.2932 crore.**

On the other hand, the raisings by PSUs saw a fall, according to the PRIME study. While their mobilisation had dropped from Rs.5301 crore in full fiscal 1996-1997 to Rs.4008 crore in 1997-1998 to Rs.3110 crore in 1998-1999, the previous year saw it rise to a high Rs.8436 crore. In the recent quarter, only an amount of Rs.1415 crore was raised by PSUs.

**Most notable, however, according to Mr.Haldea, has been the dropping down of the all-India financial institutions/ banks from their position of top mobiliser.** 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 1999-00, however, fell to only 27 per cent. In terms of amount, while the financial institutions/ banks had raised Rs.18604 crore in full 1998-99, their raising was only Rs.14539 crore in 1999-00. In the recent quarter, the share of financial institutions/ banks fell to only 21 per cent.

**Government organisations and developmental financial institutions/ banks, put together, nevertheless continued to dominate, mobilising a high 72 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, 81 per cent in 1998-99 and 77 per cent in 1999-00.**

Among the government organisations, state level undertakings led with a 37 per cent share (Rs.3799 crore) followed with a 21 per cent share by all-India financial institutions (Rs.2158 crore) and a 14 per cent share by PSUs (Rs.1415 crore). Interestingly, state financial institutions were missing from the scene.

Issuer Type	No.of Issuers	Amount (Rs.crore)	%
All-India Fin.Inst.& Banks	10	2158	21
State Fin.Inst.	0	0	0
Public Sector Undertakings	5	1415	14
State Level Undertakings	16	3799	37
Private Sector	37	2932	28
	68	10304	100

The highest mobilisation through debt private placements during the period was by Reliance (Rs.893 crore), followed by ICICI (887), HPCL (500), GEB (500), VIDC (450), RSEB (400) GMIDC (375), IFCI (371), HPROIDC (310) and IOC (300).

**According to PRIME, on an industry-wise basis, the financial services sector continued to dominate the market, collectively raising Rs.2968 crore or 29 per cent of the total amount, though its share fell from a high 54 per cent in 1998-99 and 39 per cent in 1999-00.** Power ranked second with an 18 per cent share (Rs.1887 crore), followed by water resources (1374).