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Rs.22348 CRORE RAISED THRU DEBT PRIVATE PLACEMENTS IN 1ST HALF : PRIME

The recently concluded first half of the current fiscal witnessed a continuing activity in mobilisation through private placement of debt, with 118 **institutions and corporates mobilising an amount of Rs.22348 crore**. This has been reported by Mr.Prithvi Haldea of **PRIME** which operates the country's premier and only data base on debt private placements.

This period's mobilisation of Rs.22348 crore is, however, marginally lower than the Rs.24283 crore which was mobilised in the corresponding period of the previous year. On an annualised basis too, the raising in the first half is lower as the preceding full year had seen a mobilisation of Rs.55073 crore. Nevertheless, the raisings traditionally increase in the later part of the year and given the issues in pipeline, 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 private sector, which this time took it to the position of the top mobiliser, replacing both all-India financial institutions as well as state level undertakings. While Rs.7763 crore had been raised by 95 companies in full fiscal 1997-1998 giving a share of 25 per cent, the year 1998-99 had seen 128 companies from this sector raise Rs.7231 crore, the share however going down to 19 per cent. In fiscal 1999-00, 113 corporates raised a high Rs.12595 crore, taking the share up to 23 per cent. In the first half, 64 corporates raised Rs.6506 crore, giving it a 29 per cent share.

On the other hand, the mobilisation by the state level undertakings, according to PRIME, recorded for the first time a fall. 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.16780 crore, representing 31% of the total. In the recently concluded 6-month period, the share of SLUs went down to 24 per cent with a mobilisation of Rs.5467 crore. **It may be mentioned that most of the funds raised by SLUs have been for the infrastructure sector, mainly power, roads and water resources.**

The raisings by PSUs also saw a marginal fall as per the PRIME report. 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 6-month period, only an amount of Rs.3976 crore was raised by PSUs.

According to Mr.Haldea, there was a comeback in the share of mobilisation by the all-India financial institutions/ banks. 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 and further down to 21 per cent in the first quarter of the current fiscal. In the 6-month period, the share of financial institutions/ banks rose to 25 per cent.

As per PRIME, government organisations and developmental financial institutions/ banks, put together, nevertheless continued to dominate, mobilising a high 71 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 government organisations, all-Indian financial institutions/ banks led with a 25 per cent share (Rs.5521 crore) followed with a 24 per cent share by state level undertakings (Rs.5467 crore), an 18 per cent share by PSUs (Rs.3976 crore) and a 4 per cent share by state financial institutions (Rs.879 crore).

Issuer Type	No.of Issuers	Amount (Rs.crore)	%
All-India Fin.Inst.& Banks	13	5521	25
State Fin.Inst.	4	879	4
Public Sector Undertakings	11	3976	18
State Level Undertakings	26	5467	24
Private Sector	64	6506	29
	118	22348	100

The highest mobilisation through debt private placements during the period, according to PRIME, was by ICICI (Rs.1939 crore), followed by Reliance (1308), IDBI (1037), GE Capital (943), IFCI (701), Power Grid (577), Nirma (565), Konkan Railway (536), HAL (525), NHAI (500), HPCL (500), APPFC (500) and GEB (500).

On an industry-wise basis, the financial services sector continued to dominate the market, collectively raising Rs.8431 crore or 38 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 a 15 per cent share (Rs.3450 crore), followed by water resources (1705), as per the PRIME report.