

18<sup>th</sup> June, 2001

Annual Review

**Rs.62462 CRORE RAISED THRU DEBT PRIVATE PLACEMENTS  
IN 2000-01 : PRIME**

The recently concluded fiscal 2000-01 witnessed an increasing activity in mobilisation of debt (bonds) through private placement, with **251 institutions and corporates mobilising an amount of Rs.62462 crore**. This has been reported in the Annual Report released by **PRIME** which operates the country's premier and only data base on debt private placements.

**This period's mobilisation of Rs.62462 crore, according to Mr.Prithvi Haldea of PRIME, is 14 per cent higher than Rs. 54701 crore which was raised in the previous year.** In fact, this market has been growing at a rapid pace consistently over the past 6 years. The fiscals 1995-96, 1996-97, 1997-98, 1998-99 and 1999-00 had witnessed placements of Rs.10035 crore, Rs.18391 crore, Rs.30983 crore, Rs.38748 crore and Rs.54701 crore respectively.

**Taking cognisance of the international practice, PRIME has decided, with effect from 2000-01, to segregate debt placements which have a tenor or put/ call option of less than 1 year. In view of this, the debt mobilisation in the year 2000-01 stood at Rs.52434 crore raised by 214 organisations (comparable figure for previous years not available). The total mobilisation through less than 1 year tenor bonds was Rs.10028 crore.**

**The year, according to PRIME, witnessed a huge 59 per cent increase in mobilisation by the all-India financial institutions/ banks, up from Rs.14539 crore to Rs.23073 crore (Rs.21673 crore of more than 1 year tenor and Rs.1400 crore of less than 1 year tenor).** Leading the pack of more than 1-year tenor mobilisers was ICICI (Rs.6413 crore), followed by SBI (2500), PFC (1780), IFCI (1508), IDBI (Rs.1455) and IRFC (1093). In the previous fiscal, the top 3 financial institutions ICICI, IDBI and IFCI had mobilised Rs.1992 crore, Rs.1930 crore and Rs.1565 crore respectively.

**The mobilisation by the state level undertakings, as per the PRIME report, recorded a 31 per cent fall from Rs.16780 crore in 1999-00 to Rs.11526 crore, comprising Rs.11466 crore of more than 1 year tenor and Rs.60 crore of less than 1 year tenor.** Mr.Haldea, mentioned that most of the funds raised by SLUs were for the infrastructure sector, mainly power, roads and water resources. The leader in more than 1 year tenor mobiliser was Gujarat Electricity Board (Rs.981 crore), followed by MKVDC (860), SSNNL (769) and MSRDC (737).

**A notable development of the period, according to PRIME, was the increasing mobilisation by the private sector.** In fiscal 1999-00, the corporates had raised Rs.12595 crore with all tenors. In 2000-01, corporates raising recorded a 35 per cent increase at Rs.17012 crore, comprising Rs.9169 crore of more than 1 year tenor and Rs.7843 crore of less than 1 year tenor. Leading the pack of more than 1 year tenor mobilisers was GE Capital (Rs.904 crore), followed by Reliance Petroleum (635), Reliance Industries (630) and Nirma (400).

**The raisings by PSUs saw a marginal improvement.** While the previous year had seen an all tenor mobilisation of Rs.8436 crore, in the year 2000-01, an amount of Rs.8564 crore was raised, comprising Rs.7839 crore through more than 1 year tenor and Rs.725 crore of less than 1 year tenor bonds.

**According to Mr.Haldea, Government organisations and financial institutions/banks, put together, nevertheless continued to dominate, mobilising a high 83 per cent of the total amount in more than 1 year tenor private placements.** Among government organisations, all-India financial institutions/ banks led with a 41 per cent share (Rs.21673 crore) followed with a 22 per cent share by state level undertakings (Rs.11466 crore), a 15 per cent share by PSUs (Rs.7839 crore) and a 4 per cent share by state financial institutions (Rs.2286 crore).

Issuer Type	No.of Issuers	Amount (Rs.crore)	%
All-India Fin.Inst.& Banks	43	21673	41
State Fin.Inst.	4	2286	4
Public Sector Undertakings	19	7839	15
State Level Undertakings	48	11467	22
Private Sector	100	9169	18
	214	52434	100

The highest mobilisation through debt private placements during the year, according to PRIME, was by ICICI (Rs.6413 crore), followed by SBI (2500), PFC (1780), APPFC (1548), IFCI (1508), IDBI (1455), IRFC (1093), REC (1080), HPCL (1000) and GEB (981). **The single largest placement of the year was made by State Bank of India in December aggregating Rs. 2500 crore.**

**On an industry-wise basis, the financial services sector continued to dominate the market, collectively raising Rs.26386 crore or 51 per cent of the total amount as per the PRIME report.** Power ranked second with a 14 per cent share (Rs.7407 crore), followed by water resources (3151) and petroleum (2079).