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Rs.11928 CRORE RAISED THRU DEBT PRIVATE PLACEMENTS IN 1ST QUARTER : PRIME

While the primary market for both debt and equity nosedived to a dismal level in the first quarter of the current fiscal 2001-02 (raising only Rs.199 crore and Rs.2 crore respectively), the activity on the debt private placement continued at a hectic level.

The first quarter witnessed **77 institutions and corporates mobilising an amount of Rs.11928 crore through debt private placement**. This has been reported by Mr.Prithvi Haldea of **PRIME** which operates the country's premier and only data base on debt private placements.

In line with the international practice, PRIME now takes cognisance of only such debt placements which have a tenor and put/ call option of more than 1 year. On a comparable basis, this quarter's mobilisation of Rs.11928 crore was 12 per cent higher than Rs. 10675 crore raised by 66 issuers in the corresponding quarter of the previous year according to PRIME. Incidentally, the previous full fiscal had seen a mobilisation of Rs.52456 crore of such paper.

Mr.Haldea stated that a notable development of the period was the huge increase in the mobilisation by the private sector. In the first quarter of 2000-01, the corporates had raised Rs.1788 crore. In the current quarter, the raising by the private sector recorded a 114 per cent gain to Rs.3818 crore. Leading the pack of mobilisers was Reliance Petroleum (Rs.936 crore), followed by GE Capital (310), Bharti Mobile (210), TISCO (200), Gujarat Ambuja (200) and Hindalco (200). **The increasing mobilisation by the private sector can be partly explained by the near-demise of the IPO route.**

The raisings by PSUs too, as per PRIME, saw a major 80 per cent improvement. While the first quarter of the previous year had seen a mobilisation of Rs.1284 crore, an amount of Rs.2311 crore was raised in the current quarter. The major mobilisers were Power Grid (762), REC (580), BPCL (445), HMT (225) and SAIL (185).

Significantly, the recent quarter witnessed a 10 per cent decline in mobilisation by the all-India financial institutions/ banks, down from Rs.4325 crore to Rs.3875 crore. Leading the pack of mobilisers was ICICI (Rs.1562 crore), followed by IDBI (1093), HUDCO (738) and IFCI (350).

Also, the mobilisation by state level undertakings, according to PRIME, recorded a 54 per cent fall from Rs.3278 crore to Rs.1501 crore in the relevant periods. It may be 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.300 crore), followed by MVRP (180), RRVPN (160), RRVUN (150) and PSEB (150).

Government organisations and financial institutions/ banks, put together, witnessed a major decline, with their share falling from 83 per cent in the first quarter of the previous year to only 68 per cent in the recent quarter, according to PRIME. Among government organisations, all-India financial institutions/ banks led with a 32 per cent share (Rs.3875 crore) followed with a 19 per cent share by public sector undertakings (Rs.2311 crore), a 13 per cent share by state level undertakings (Rs.1501 crore) and a 4 per cent share by state financial institutions (Rs.422 crore).

Issuer Type	No.of Issuers	Amount (Rs.crore)	%
All-India Fin.Inst.& Banks	7	3875	32
State Fin.Inst.	2	422	4
Public Sector Undertakings	7	2311	19
State Level Undertakings	14	1501	13
Private Sector	47	3818	32
	77	11928	100

Mr.Haldea stated that a total of Rs.6011 crore (or 50 per cent) was raised by AAA rated paper. On the other hand, Rs.1128 crore of paper was not rated at all.

On an industry-wise basis, the financial services sector, as per PRIME, continued to dominate the market, collectively raising Rs.5345 crore or 45 per cent of the total amount. Power ranked second with a 19 per cent share (Rs.2302 crore), followed by petroleum (1456) and steel (385).

Maharashtra-based organisations, according to PRIME, led the resource mobilisation activity at Rs.6076 crore (or 51 per cent of the total), followed by Delhi at Rs.3282 crore and Gujarat at Rs.600 crore.