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Rs.27067 CRORE RAISED THRU DEBT PRIVATE PLACEMENTS IN 9-MONTH PERIOD : PRIME

The first nine-month period of the current fiscal witnessed a mobilisation through debt (bonds) on private placement basis of Rs.27067 crore, mobilised by 108 institutions and corporates. This has been reported by Mr.Prithvi Haldea of **PRIME** which operates the country's premier and only database on debt private placements. Only such deals which have a tenor and put/ call option of more than 1 year are reflected in this database.

On a period-on-period basis, the April-December period's raising of Rs.27067 crore, according to PRIME, meant a decline of 29 per cent over Rs.38117 crore mobilised in the corresponding period of the previous year. It may be mentioned that full 2001-02 and 2002-03 had witnessed mobilisation of Rs.45427 crore and Rs.48424 crore respectively.

The new SEBI Guidelines issued in September on corporate bonds had an immediate impact on resource raising, as per PRIME. From figures of Rs.7466 crore in June, Rs.4795 crore in July and Rs.5181 crore in August, the mobilisation declined to only Rs.2688 crore in September, Rs.1016 crore in October, Rs.990 crore in November and Rs.1520 crore in December.

According to PRIME, compared to the same period in the previous year, the only sector that witnessed an increase in mobilisation was the all-India financial institutions/ banks, up by 20 per cent from Rs.11183 crore to Rs.13442 crore. Leading the pack of mobilisers in this category was IDBI (Rs.3501 crore), followed by NABARD (1860), HUDCO (1371) and IRFC (1330).

A decline in mobilisation came in all other sectors as per PRIME Database. State level undertakings recorded a 32 per cent fall to Rs.2319 crore compared to Rs.3391 crore in the corresponding period of the previous year. Most of the funds raised by SLUs continued to be for the infrastructure sector, mainly power, roads and water resources. The leader in this category was TNEB (Rs.615 crore) followed by GEB (530) and APWRDC (500).

A decline was also recorded, according to PRIME, in the mobilisation by the private sector. The attractive interest rates in the ECB market was the major reason for this fall. The share of this sector at Rs.4983 crore was 42 per cent lower compared to Rs.8659 crore in the same period in the previous year. Significantly, most of the private sector debt was of AAA category and was raised for retirement of either old expensive debt or for acquisitions. Leading the mobilisers in this sector was Associates India (480) followed by GE Capital (445), BSE (375) and Citicorp Finance (300).

The biggest decline, as per PRIME, came in the raisings by PSUs at 68 percent. While the previous year's corresponding period had seen a mobilisation of Rs.11316 crore, only Rs.3658 crore was raised in the current period. Major mobilisers were Power Grid (Rs.699 crore), Nuclear Power (689), NTPC (600), NTC (500) and GAIL (500).

Government organisations and financial institutions, put together, retained their domination, mobilising a high 82 per cent of the total amount, up from 79 per cent in the previous year and 68 per cent in 2001-02. Among government organisations, all-India financial institutions/ banks led with a 50 per cent share, followed by a 14 per cent share by PSUs, a 10 per cent share by state financial institutions and a 9 per cent share by SLUs.

Issuer Type	No.of Issuers	Amount (Rs.crore)	%
All-India Fin.Inst.& Banks	27	13442	50
State Fin.Inst.	6	2665	10
Public Sector Undertakings	12	3658	14
State Level Undertakings	11	2319	9
Private Sector	52	4983	18
	108	27067	100

The highest mobilisation through debt private placements during the period was by IDBI (Rs.3501 crore), followed by NABARD (1860), HUDCO (1371), IRFC (1330), APPFC (1136), PGCI (699) and NPCI (689).

On an industry-wise basis, the Financial Services sector continued to dominate the market, collectively raising Rs.19260 crore or 72 per cent of the total amount. Power ranked second with a 15 per cent share (Rs.3942 crore), followed by Water Resources (950).

According to PRIME, in addition to the above one-year tenor mobilisation of Rs. 27067 crore, a significant additional amount of Rs.8969 crore was raised through 445 deals of less than 1 year tenor debentures by 63 issuers. Moreover, an amount of Rs. 7363 crore in 65 deals was raised through pass-through certificates (securitised paper).