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RS.9964 CRORE RAISED THRU DEBT PRIVATE PLACEMENTS IN 1995-96 : PRIME

The fiscal 1995-96 witnessed a major emergence of debt private placement according to Mr.Prithvi Haldea of **PRIME**, the country's premier data base on the primary capital market. A total of 47 institutional and corporate organisations through 73 issues mobilised an amount of Rs.9964 crore by private placement of debt (excluding SLR securities) during the year. On the other hand, the total debt mobilisation through public issues in the same year was only Rs. 2940 crore. This has been reported in a pioneering study done by **PRIME** which has recently launched a data base on private placements.

The largest mobiliser of the year was IFCI (Rs.1333 crore) followed by MTNL (1330), ICICI (1150), SAIL (710), SCICI (633), IDBI(579), Bank of Baroda (500), Power Grid (277), HUDCO (274) and IRFC (259).

Significantly, according to the **PRIME** study, over 96 per cent of the total amount was mobilised by government organisations through 56 issues. All- India financial institutions led with a 57 per cent share (Rs.5675 crore) followed by PSUs with a 35 per cent share (Rs.3511 crore). On the other hand, state level undertakings had a 3 per cent share (Rs.306 crore) and state financial institutions a 1 per cent share (Rs.25 crore). . The private sector's mobilisation was Rs.448 crore.

Issuer Type	No.of Issuers	No.of Issues	Amount (Rs.crore)
All-India Financial Institutions/Banks	17	34	5675
Public Sector Undertakings	10	19	3511
Private Sector	15	15	448
State Level Undertakings	4	4	306
State Financial Institutions	1	1	25
	47	73	9965

The emergence of state level organisations was an interesting development. The issuers included Haryana Financial Corp., Krishna Bhagya Jala Nigam, SICOM, GIIC and PSIDC.

The **PRIME** study finds that the financial services sector comprising FIs, banks and private sector finance companies dominated the scene cornering Rs.6007 crore or 57 per cent of the total amount. Telecommunications ranked second with a 13 per cent share (Rs.1330 crore). The other sectors included power (Rs.769 crore), steel (710), water resources (427), housing (274) and transportation (180).

Several innovative instruments were offered. Some of the total 12 different types of instruments according to the **PRIME** study were step up liquid bonds, money-back-cum-growth bonds, money multiplier cum bonus bonds and floating rate bonds.

Coupon rates presented an interesting picture. There were 5 tax-free bond issues with a coupon rate of 10.5 per cent, mobilising Rs.656 crore. The balance amount was mobilised by the taxable category, where the coupon rates ranged from 14.5 per cent to a high 20 per cent. 42 issues went for credit rating while 17 did not get rated, most of these being under - 18 month issues.

Based on the registered office location, Delhi led with 30 issues and by amount mobilisation too, it led with a 51 per cent share. Maharashtra followed with 18 issues and a 29 per cent share.

Only 3 stock exchanges were opted by the 36 issues who proposed listing. On the other hand, 19 companies did not provide for any listing while the listing option of 18 companies is not known. NSE occupied the first position with 33 of the 36 companies proposing to list their issues with it. Delhi ranked second with 5 issues and Bombay was at the third position with 1 issue.

Some data was also compiled by **PRIME** for private placement of share issues. The total mobilisation through these aggregated Rs.521.58 crore. Of the 16 such issues, as many as 12 were of preference shares. The 5 largest issues were Reliance Industries (Rs.200 crore), ICICI (75), Prudential Mouli Sugars (50), BSES (39) and Ballarpur Industries (38).

It is interesting that a number of organisations who have gone in for debt private placements have also been tapping resources through debt public issues. While IFCI, ICICI, IDBI, SCICI, BOB and IRFC, among others, have been regular entrants in the public issue market, the latest to join the group is HUDCO which is launching a Rs.250 crore Infrastructure Bonds issue next week.