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## **AGAIN, ONLY 1 PUBLIC ISSUE IN A MONTH : PRIME**

**The primary capital market continues to be listless.** According to Mr.Prithvi Haldea of PRIME, the country's premier data base on the primary market. The month of **October, like July and August, witnessed only one public issue,** and this too like the earlier two months was a debt issue from ICICI.

It is now for the **sixteenth month in the running** that the primary market has witnessed an extremely low level of activity in terms of public issues, with only 45 such issues between July 1997 and October 1998. While September 1998 saw a minor spurt with 6 issues courtesy banks and institutions, the earlier monthly figures have all been very low : August (1), July (1), June (5), May (3), April (2), March (2), February (0), January (4), December 1997 (6), November (4), October (4), September (1), August (3) and July (2).

According to **PRIME**, between April and October this year, only 19 public issues have hit the market. In terms of amount, almost the **entire mobilisation has taken place through the four debt issues from ICICI and one from IDBI.** These together, at Rs.2843 crore, have constituted **90 per cent** of the period's total mobilisation of Rs.3175 crore.

**In addition to this, the banks have mobilised Rs.216 crore, though through equity. The financial institutions and banks,** as such, have together raised Rs.3059 crore, constituting **96 per cent** of the period's total amount, significantly up from a meagre 4 per cent in 1994-95.

**Alarmingly, the public issue mobilisation by the private manufacturing sector, according to PRIME, continues to languish,** with a raising of only **Rs.111 crore through just 8 issues** in the first seven months. This represents a major fall successively over the last 3 years, from a high of Rs.11005 crore in full 1994-95.

Worse, even this paltry amount of Rs.111 crore has not come from the investing public. Mr.Haldea states that poor sentiments and scepticism, compounded by consistent poor quality of issues which abound despite entry barriers, have seen the investors reject all of these 8 offerings. The two NBFC issues aggregating Rs.5 crore also were only 'technical' issues.

For the second year in running, equity mobilisation, according to **PRIME**, has suffered, adversely affecting the industrial activity. Such public issues have raised only Rs.332 crore in the seven month period; the amount in corresponding periods of 1996 and 1997 were Rs.2588 crore and Rs.734 crore respectively. The high point was full 1994-95 when Rs.13312 crore was raised through equity.

The initial public offerings (IPOs) have, of course, all but vanished. Such issues had already fallen from a high of 1350 in 1995-96 to 716 in 1996-97 to only 51 in 1997-98. These are now down to a meagre 11 in the first seven months of fiscal 1998-99, as per **PRIME**.

The future, according to Mr.Haldea, holds little promise. There are hardly any signs of an early revival of the market and economy. The balance period of 1998-99 may also be equally disappointing. The real hope of the market is pinned on disinvestment by PSUs which, however, continues to elude the investors. Some more issues from banks may also hit the market. The only other public issues, all small, in the next 2-3 months include those from Sonata Software (Rs.19 crore) and Wimco Boards (11), these being 2 of the only 7 issues with SEBI clearances, as of now.

Mr.Haldea strongly feels that it is now imperative that steps are taken to revive the primary market on a priority basis. In addition to attractively- priced PSU issues, there is an urgent need to review the entry barrier guidelines. Immediate steps to punish the past offenders is, of course, critical for restoration of investors' confidence.