'PSU debt raising via bonds up; NBFCs face challenge'

The loss of fund-raising capability through corporate debt bonds by NBFCs resulted in the gain for public sector financial institutions in 2018-19, said a joint study by Assocham and Crisil.

**GOVERNMENT SECURITIES:** Government securities, or G-secs, have seen notable growth over the years, commanding a penetration ratio of nearly 30 per cent of GDP.

0.55% TRADING RATIO FOR G-SECS

**CORPORATE BONDS:** Corporate bonds, which are rather illiquid even in the secondary market, have a penetration ratio of 16 per cent.

0.22% TRADING RATIO FOR CORPORATE BONDS

- **12 PERCENTAGE POINTS** Rise in the share of AAA-rated issuances, with investors opting for safer investments
- **8 PERCENTAGE POINTS** Rise in share of overall issuance of corporate bonds by PSU financial institutions, with NBFCs losing their share

**IL&FS CRISIS DENTS CONFIDENCE:** Defaults by IL&FS at the beginning of September 2018 created panic and led to a dip in investor confidence towards lending to non-banking finance companies (NBFCs).

**CORPORATES OPT FOR PRIVATE PLACEMENTS:** Corporates prefer raising funds through private placements, though private placements lack transparency.
PSU debt raising through bonds gained, NBFCs faced challenge: Study

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