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## **DEBT PRIVATE PLACEMENT MARKET COLLAPSES**

The thriving debt private placement market has come to a virtual standstill, ever since SEBI issued new guidelines in September 2003 on listing of corporate bonds according to Mr. Prithvi Haldea of PRIME, India's premier database on primary capital market. Mandating IPO-like disclosures and listing for private placements, the Guidelines took the market by surprise and have since put fresh placements under a limbo at least for the time being. This is borne out by the measly mobilization of Rs. 1700 crore in the October - November period.

According to PRIME, there have been only 8 issuers in this 2-month period. The major ones have been Andhra Pradesh Water Resources (Rs. 350 crore), Kerala Power Finance (300) and NTC (500). In addition, IDBI has placed Rs. 340 crore. The only other issuers have been Associates, GE Capital, IL&FS and MECON, all with very small amounts.

It may be mentioned here that, as per PRIME, the first-half of the current fiscal (April-September) had witnessed a mobilization of Rs. 23,275 crore. In the previous full years too, there were huge mobilizations: Rs. 48,424 crore in 2002-03, Rs. 45,427 crore in 2001-02 and Rs. 52,456 crore in 2000-01.

While the market is awaiting clarifications on several aspects of the new SEBI guidelines, one thing that is certain is that the days of free-for-all placements without disclosures and/ or listing are now over.

According to Mr. Haldea, this market did require some degree of disclosures/ regulations to at least prevent dubious issuers from tapping resources. Huge concerns had been raised, for example, on the mobilizations of state level undertakings. In the last three and a half years, SLUs had collectively mobilized a massive Rs. 33,814 crore, mostly on the strength of questionable state guarantees. The market is hopeful that while addressing such concerns, the new SEBI guidelines would be streamlined to allow good issuers to continue to tap this cost-efficient and speedy source of raising funds.