SPECIAL PURPOSE ACQUISITION COMPANIES- A GLOBAL TREND

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ABSTRACT

During the previous decade, India's capital markets have risen exponentially. The call went through some of the inevitable technical and regulatory developments during this time. The return of the particular purpose acquisition company, or SPAC, is one of the most significant developments in the global capital markets. The SPAC altered global financial markets by raising US$83 billion in 2020. SPACs have increased throughout the world, as evidenced by this. With this in mind, the essay's primary purpose is to look at the worldwide regulatory framework for SPAC, as well as the significance of SPAC in the capital market and how it helps the country's economic development. The primary purpose of this essay is to identify the challenges that Indian regulatory bodies have in building a legal framework for developing SPACs in the country. Finally, the report points out that Indian statutes must be changed for SPACs to be trusted by investors. Markets will improve due to the cations, and the country's economic recovery will be aided.

Introduction

Special Purpose Acquisition Companies, mentioned as SPACs, is a publicly-traded firm with no operations and assets. Still, just one stated business plan is to acquire another company.[1] SPAC offers an alternative to traditional Initial Public Offering (IPO) as it is a company with no commercial operations and is formed only to raise the investment through IPO. It is a shell company listed on the typical MMO stock exchange to merge with another company.

SPAC is considered a better alternative because it helps save time and money for the company. The traditional process of going public through IPO is lengthy and involves complex regulatory filling and months of negotiation with underwriters and regulators. Since the year 2019, SPAC has gained popularity in the US.

SPAC allows the investors to invest their money towards a particular fund required for acquiring or merging with one or more unspecified companies, which is to be identified after IPO. Under SPAC, the founders have a specific acquisition target that is not disclosed to the investors; this is why SPAC is also called a “blank check company.” One of the advantages of companies going public through SPAC is that once it is public, they will eventually use forward-looking statements regarding the company’s financial performance while pitching to investors. This practice is restricted for companies going public through traditional IPO.

How does SPAC work?

The process of going public includes an expert or sponsor or team having expertise in the business. Since SPAC is only a shell company, the investors invest in the founders and their experience. The expert management team invests a nominal capital, 20% of which the founder acquires at a nominal rate, and public shareholders hold the remaining 80%. The voting rights in both shares are equal; the only difference is that the founder shares have the sole right to elect the SPAC directors.[2] The sponsors, therefore, create a holding company and complete the normal fillings process after this. While At the same time, ng the IPO, the SPAC team contracts with an investment bank hatch and agree to the service for around 10% of the IPO proceeds[3].

[1] Martin Daks, A SPAC is a high-risk but potentially profitable way to get in on the ground floor of a new stock — here's everything investors need to know,https://www.businessinsider.com/personal-finance/what-is-a-spac?IR=T

[2]Mike Bellin,PWC, How special purpose acquisition companies (SPACs) work, https://www.pwc.com/us/en/services/consulting/deals/library/spac-merger.html

[3]corporate finance institute, Special Purpose Acquisition Company (SPAC), https://corporatefinanceinstitute.com/resources/knowledge/strategy/special-purpose-acquisition-company-spac/

All proceeds of IPO are held in a trust account since SPAC has no performance history or revenue reports. A SPAC generally has 24 months to complete an acquisition or deal (the period may vary depending upon the company and industry). Therefore, the lifespan of SPAC can be divided into three different phases.

- IPO phase: extending up to 8+ weeks
- Target Search Phase: Up to 19 months
- Approval/Closing Phase: 3 to 5 months

In a situation where the time lapses before an acquisition have taken place, the SPAC will dissolve, and the IPO proceeds will be returned to the investors. After this acquisition, the SPAC is listed on one of the major stock exchanges.

De-SPAC

The process of de-SPAC begins after the targeted company for acquisition has been identified, and the deal has been negotiated. De-SPAC is more like a public company merger; the only difference is that the SPAC must obtain shareholder approval by Security and Exchange Commission rules. The lifespan of de-SPAC extends up to four to six weeks, and due to this compressed period, de-SPAC is complex[4]. The process involves different steps:

- Maximize awareness of the deal
- Market the deal
- Secure Shareholder support

SPAC Capital Structure Components

The capital structure mainly refers to the amount of debt and equity used to finance a company's assets and other operations. In the corporate world, debt is preferred as it accommodates comparatively low risk than equity, where the risk factor is high.

Every capital structure of SPAC is unique and can change after its origin. The lifecycle of SPAC begins with the sponsor. Unlike traditional IPOs, SPAC IPO lists its units at common stock, generally sold at $10.00[5]. SPAC capital structure can be made up of a combination of

[4] mediant, Demystifying the De-SPACing Process, https://www.mediantinc.com/blog/demystifyingthedespacingprocess

[5] INDIAN CORP LAW, https://indiacorplaw.in/2021/03/the-spac-tacular-rise-of-blank-check-companies-inindia.htm

several security types, and every branch of this scrutiny impacts the value of others. The securities under SPAC include:

- Founder shares
- Public/Common share
- Warrant

Public/Common Shares

The public/common shares are called Class A common stock, including "public shares" and "public warrants." During the process of SPAC, the public investors are sold the available unit, which mainly comprises one share of the common stock with a fraction of the warrant, which will ultimately help in purchasing a share of common stock in the future. And at the end of this IPO process, the public units become separable to the extent that such shares, teams, and even the whole warrant become tradable.

Founder Shares

Founder shares are generally termed Class B or Class F common stock, including the shares and warrants sold to the founders or sponsors. These Shares are purchased before SPAC filling or before its registration. The shares are sold to the founders at a very nominal price, i.e., a stake of 25% is sold, usually for $25,000. The concept of "green shoe" can also be seen in founder shares, where the holders agree that the green shoe is not exercised in total capacity, so the founder's stake in a company remains at 25%.

Founder shares vs. Public/Common shares

There is no significant difference between these two shares as they vote together as a single unit. One of the most notable facts is that the founder shares automatically get converted as public shares during the de-SPAC process, and the existence of founder shares is extinguished.

Warrants

The public units are comprised of some parts of warrants which further allows the investors to buy a whole share of the common stock, but it is not always for a complete common stock; the contracts may be exercisable for a fraction of the claim, which can either be half, one-third or

two-thirds. The warrants may be exercisable either 30 days after the de-SPAC process or 12 months after the SPAC IPO.[6]

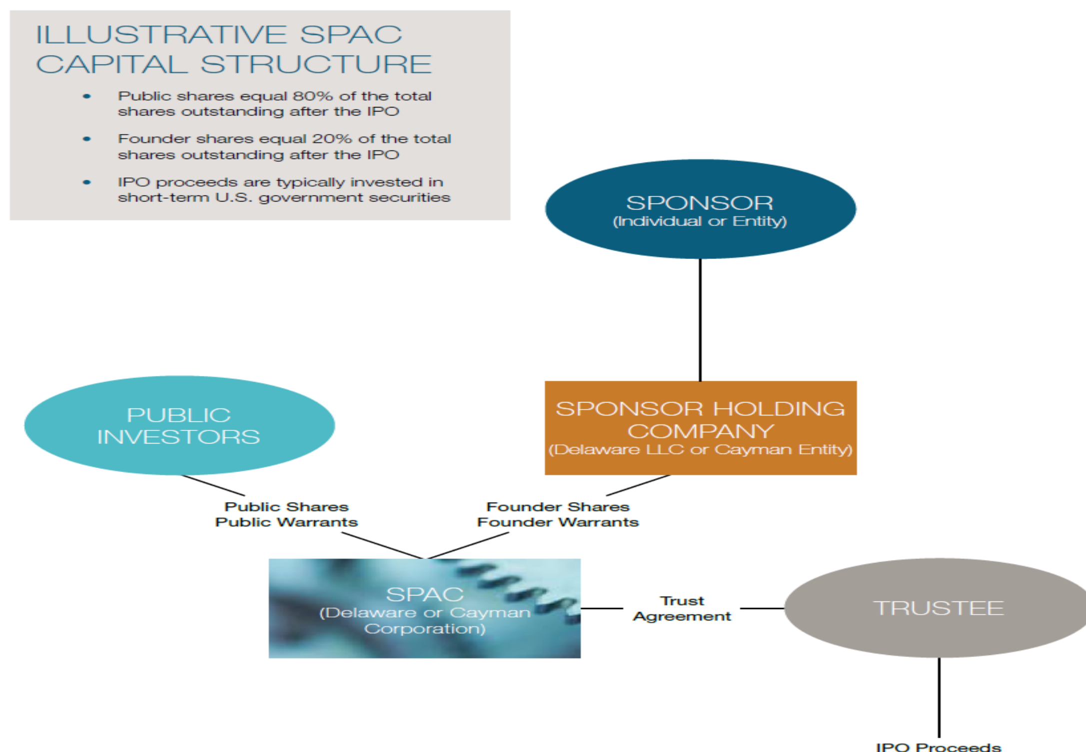

Image source: https://corpgov.law.harvard.edu/wp-content/uploads/2018/07/ve-5.png

THE EMERGENCE OF SPACS IN INDIA

According to reports, there have been approximately 700 SPAC IPOs in recent years (since 2015). Nearly 250 SPAC IPOs were completed in 2020 alone. Over 300 SPAC IPOs were recorded in the first three months of 2021, indicating that the trend is only growing (against less than 20 SPAC IPOs in 2020).[7]

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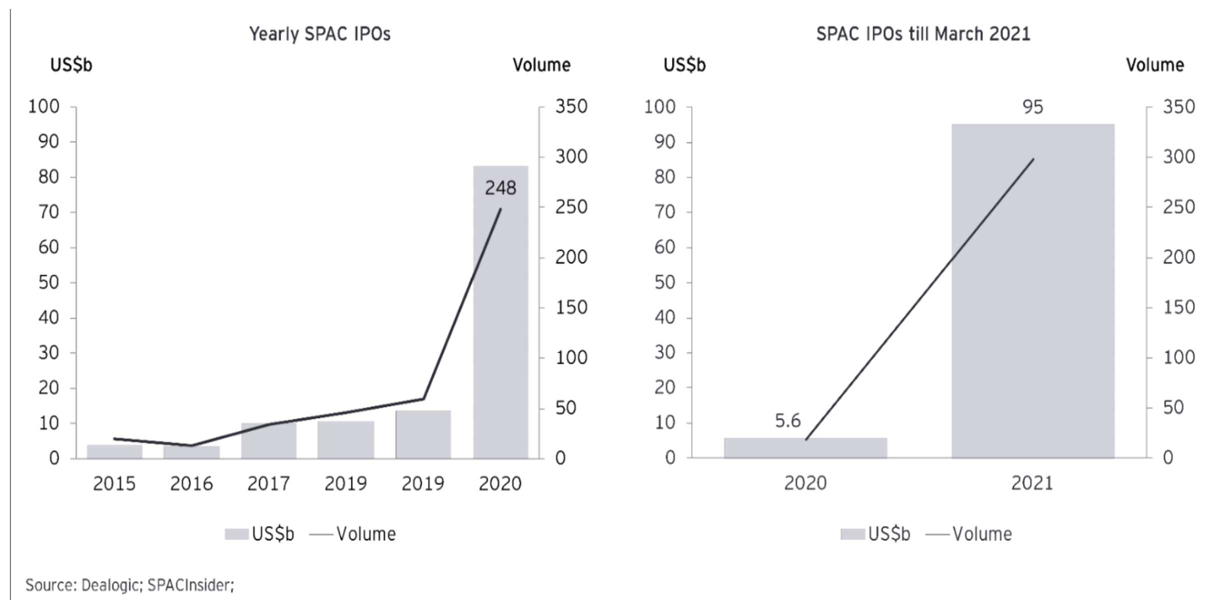
[6] WINVESTA, https://www.winvesta.in/blog/spacs-all-you-need-to-know-if-you-are-investing-from-india

[7] Suneeth Katarki, India: SPAC: More Than Just a Blank-Check Company at https://www.mondaq.com/india/shareholders/1049778/spac-more-than-just-a-blank-check-company



As seen in the tables above, SPACs raised a record US$83 billion in 2020 (almost twice the total amount raised in the previous five years) and an additional US$95 billion in the first three months of 2021 (compared to just over US$ 5 billion in the first three months of 2020).

StoneBridge Acquisition Corp, a particular purpose acquisition company (SPAC) focusing on purchasing Indian new-age enterprises, raised Rs 1,400 crore ($200 million) in an initial public offering in the United States and was listed on the NASDAQ. The blank cheque startup is backed by GSS Infotech CEO Bhargav Marepally and Sett & Lucas co-founder Prabhu Antony. The SPAC intends to purchase its goal during the next 12-16 months, focusing on Indian new-age tech companies with enterprise valuations ranging from $1 billion to $1.5 billion.[8]

IN THE UNITED STATES

SPACs have been around in the United States since the 1990s, although their popularity has recently increased. For the first time in 2020, SPAC IPOs raised more capital than traditional IPOs. In 2021, the SPAC rally gathered traction, with cash raised in the first quarter alone exceeding the amount for 2020. However, the number of SPAC IPOs has slowed since then.

They have recently grown in popularity for various reasons, including the credibility of sponsors, the growth potential of target businesses, the time and process involved in traditional IPOs, and the availability of dry powder in post-COVID-19 times.

[8] TECHCRUNCH, https://techcrunch.com/2020/08/21/almost-everything-you-need-to-know-about-spacs

To entice more SPAC listings to the London Stock Exchange, UK regulators attempted to modify laws governing SPAC trading in the latter part of 2021. The Singapore Exchange (SGX)[9] and the Hong Kong Stock Exchange (SEHK) created SPAC frameworks in 2021, and SPACs could be listed soon.

SPACs popularity in recent years.

Recently, a change in legislation favoring SPACs and stock exchanges welcoming them has given SPACs even more traction. Here are some of the main reasons behind SPACs' recent popularity:[10]

1. Stock Markets

The number of firms going public has declined considerably over the previous 30 years, and this trend appears to be shifting due to SPACs. This is due to an increase in money moving into the public markets. Because SPACs make it easier for corporations to reach the public markets, most stock exchanges welcome SPACs to attract more money, which benefits them in the long run.

2. The market for private equity

Private equity investment is currently worth around $2 trillion and is growing. The number of exits, on the other hand, is falling. Personal equity-backed portfolios constantly seek ways to exit and produce a return, supporting the SPAC model.

3. SEC rules and regulations

The relevance of SPACs is growing as the SEC becomes more active in regulating them. To the advantage of all parties concerned, the SEC assists in setting a fixed price for each IPO and governs voting and redemption rights. SPACs have gained legitimacy as a result of the SEC's involvement.

SPACs vs. IPOs

The efficiency of a SPAC is its distinguishing feature. Going public with a particular purpose

[9] On September 2, 2021, Singapore Stock Exchange announced new rules enabling SPACs to list on the Mainboard of Singapore Exchange Securities Trading Limited, effective September 3, 2021
[10] EY, What is SPAC and its relevance in India, https://www.ey.com/en_in/tax/spac-and-its-growing-relevance-in-india

acquisition company is relatively inexpensive and straightforward. Not so with IPOs: according to one study, investment banks can charge up to 7% of gross IPO revenues in fees. Because a SPAC has no operations, no debt, no liabilities, and nearly no assets, it moves quickly through the regulatory stages needed in the IPO process. This means that the SPAC can go from formation to public trading in months instead of the many months – or even years – it can take to bring a company through the IPO process.

Because of this streamlined process, the SPAC requires significantly less money to go public than a regular firm. It spends less on legal expenses and financial counseling in particular.

While time and money are essential, the disclosure process is likely the most valuable aspect of a SPAC. The IPO process thoroughly examines a company's finances, obligations, and activities. This can cause issues for many businesses that do not wish to divulge those details. It can also lead to valuation uncertainty if investors begin to mistrust features of a company's business model or liabilities.

A SPAC reverse merger allows a genuine company to save time and money on the IPO process in the best-case scenario. It can also assist a corporation in keeping its activities private in a competitive market by preventing the company from disclosing details that aren't necessarily protectable secrets.[11]

In the worst-case scenario, a SPAC reverse merger allows a corporation to conceal liabilities and business problems that the market would like to know about.

The IPO regulatory procedure exists for several critical reasons. This procedure requires a corporation to reveal information about its finances and operations. As a result, the SEC assists in protecting individual investors from investing in weak or dishonest enterprises that attempt to conceal their difficulties.

WeWork's recent history is a near-textbook illustration of this in action. WeWork rose to prominence as a private company that raised funds from venture investors (among others). The company's flaws became clear to the market after the disclosure procedure associated with an

[11] Paresh Patel,Harvard Business Review,SPACs: What You Need to Know, https://hbr.org/2021/07/spacs-what-you-need-to-know

IPO began. If WeWork had gone public through a SPAC, the company's inner workings would have stayed concealed.

The regulatory framework in India

1. **Companies Act, 2013:** Since demonetization, the government has maintained control over shell corporations. To minimize legal ambiguity and unnecessary litigation in 2018, a Parliamentary Committee has advised the government to develop a defined definition of "shell corporation." A SPAC deal typically takes 18-24 months to complete. If a company does not begin business operations within 12 months of its incorporation, the Registrar of Companies can remove its name from registration under Section 248 of the Companies Act, 2013[12]. This would create many legal problems for the corporation's board of directors. This problem, on the other hand, can be easily avoided by revisiting the regulations and amending the Companies Act to exempt SPACs if the purpose of their registration has already been made clear to the Registrar of Companies, removing any ambiguity that may arise as a result of the SPAC's inability to begin business operations within one year of its incorporation. Section 23 of the Corporations Act of 2013 was revised in 2020 to allow corporations to be listed in foreign jurisdictions; nevertheless, SEBI only enables functioning companies to be listed in equity with stated and appropriate financials. The SEBI (Issuance of Capital and Disclosure Standards) Regulations, 2018 spell out the requirements for equity markets to be listed. To be qualified for the clause, an issuer must have net tangible assets of at least INR 30 million in each of the previous three (3) years, distributable earnings in at least three of the last (5) years, and a net value of at least INR 10 million. Regulation 6 of the SEBI (Issuance of Capital and Disclosure Requirements) Regulations, 2018 will continue to pose a severe threat to the general permissibility of SPACs in India unless it is modified.

2. **Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009:** SEBI restrictions do not apply to SPACs. The requirements for public listing are outlined in Section 6(1) of the ICDR Regulations, as updated in 2018.[13] SPACs cannot meet these requirements and are therefore prohibited by SEBI regulations. SEBI, on the other hand, has recognized SPACs since 2017, following in the footsteps of the US. All SPAC transactions are supervised by the Securities and Exchange Commission (SEC) of the United States of America; SEBI must consider and develop a

[12] Section 248 of the Company act, 2013

[13]SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018

framework to regulate all SPAC transactions in India. Because SPACs are even more rewarding for investors than typical IPOs, startup growth is even more remarkable. SEBI has established a committee to examine the feasibility of pro-SPAC regulations in India.

Emerging SPAC framework in IFSCs

The IFSCA (Issuance and Listing of Securities) Regulations, 2021, were published by the IFSCA. As indicated below, they established a listing structure for SPACs on recognized stock exchanges in IFSCs. A SPAC must not have identified the target business combination before the IPO and must follow the regulations' specified redemption and liquidation mechanisms to qualify for an IPO on the IFSC stock exchange.

The sponsors of a SPAC must have experience with SPAC transactions, company mergers, fund management, or merchant banking. People who held an AC's specified securities before the IPO are considered sponsors. The minimum issue size is $50 million, with 50 subscribers and a minimum subscription amount of at least 75% of the issue size.[14]

Sponsor shareholding and lock-in criteria state that the sponsor must own at least 15% of the company. Nonetheless, at least 2.5 percent of the issue size of USD 10 million, whichever is less, of the SPAC's post-issue paid-up capital must be subscribed to before or concurrently with the IPO. ACCORDING TO THE RULES, the SPAC issuer must also complete the business combination within 36 months of listing. The guidelines cover the IPO process, disclosures in the first offer document, ongoing disclosure duties, and SPAC-specific obligations, among other things.

Cross-border SPAC Transaction Issues

So far, we've examined why a SPAC in India is impossible. SPACs from other countries, on the other hand, are becoming increasingly interested in obtaining Indian targets. The growing number of US SPACs focused only on Indian potential reflects foreign investors' interest in Indian unicorns, particularly tech companies.

To begin, there are numerous benefits to choosing a SPAC for Indian companies: the listing timeline on exchanges such as NASDAQ is shorter, and the pool of investors is significantly

[14]Vipin Sharma, mondaq, India: SPACs In India – Are We There Yet https://www.mondaq.com/india/shareholders/1116764/spacs-in-india-are-we-there-yet

larger than a domestic listing because investors are more comfortable with a company listed on NASDAQ than, say, the BSE or NSE.[15]

However, in such transactions, specific challenges must be handled. The first is India's cross-border merger statute, which would necessitate RBI permission and NCLT scheme of arrangement approval. The merger would also result in Indian entities' Indian offices merging, resulting in them becoming branch offices of a foreign corporation, with all of the constraints.

The current Liberalized Remittance Scheme ("LRS") cap of USD 250,000 each fiscal year is another significant impediment to such operations. Assume that the Indian shareholders are individuals who would receive shares in the combined international firm. In that instance, the LRS stipulates that the fair market value of the acquired shares must be less than USD 250,000 each fiscal year, which is exceedingly unlikely in such transactions.

A simple share exchange between SPAC and the Indian target shareholders. Still, three-sided, a significant grey area in foreign exchange and ODI regulations would wreak havoc on the deal, necessitating a fair portion of RBI approvals and lengthening the transaction.

Renew Power was listed on NASDAQ through a reverse triangular merger, as follows: i. existing shareholders' equity shareholdings in ReNew Power Private Limited (Indian company) were exchanged for shares in ReNew Energy Global Limited ("ReNew Global"), an English-incorporated holding company for the business combination; ii. ReNew Global's wholly-owned subsidiary merged with the NASDAQ-listed SPAC RMG Acquisition Corporation II.[16]

The regulatory challenge in India

The imposition of stamp duty on a merger scheme is perhaps the most significant regulatory barrier to a SPAC listing in India. According to the Supreme Court's decision in Hindustan Lever Ltd. v. the State of Maharashtra[17], the scheme affecting the merger is an instrument subject to stamp duty. It was further established that stamp duty was levied on the document, not the buy and sale transaction. In Li Taka Pharmaceuticals Ltd. v. the State of Maharashtra[18], the Bombay High Court went a step further in this direction, affirming the position established

[15]M&ACRITIQUE,https://mnacritique.mergersindia.com/regulatory-challenges-special-purpose-acquisitioncompany-india

[16] INDIAN CORP LAW, https://indiacorplaw.in/2021/03/the-spac-tacular-rise-of-blank-check-companies-inindia.html

[17] Hindustan Lever & ANR Vs. State of Maharashtra & ANR [1960] INSC 212

[18] Li Taka Pharmaceuticals Ltd. vs State Of Maharashtra And Other , AIR 1997 Bom 7

in the Hindustan Lever case and holding that valuation for stamp duty was to be determined by the authority solely based on the price of the shares allotted to the transferor company, along with any other consideration. In light of this, it is possible to argue that a court/tribunal order sanctioning the merger/amalgamation scheme is subject to stamp duty. The target firm combines with the SPAC entity via reverse merger in most SPAC listings. To comply with the Companies Act of 2013, a merger scheme must be floated and approved by the tribunal. As a result, stamp duty is levied, and listing costs rise dramatically. As a result, the merger is a less advantageous company combination for achieving SPAC listing.[19]

An option for a merger is the purchase of SPAC entity shares. However, because the SPAC corporation is a listed entity, acquiring stakes in such a firm will trigger open offer obligations. This would raise the cost and duration of a SPAC listing.

Investors in the United States can redeem their shares and receive a return on their investment until the goal is purchased. In India, however, the redemption of shares in a publicly-traded company may be forbidden without specific legal restrictions. As a result, the SPAC's claims must be traded on a stock exchange, and their value may fluctuate dramatically, putting regular investors at risk. The combined entity's shares must be exchange-traded after the merger, and SPAC purchases have historically underperformed the broader market in the United States. As a result, authorities must create a legal framework that prioritizes investor interests. If SPACs are established in India, the resulting company will be a merger of two Indian companies, one of which will be the target and the other the Indian SPAC. As a result, an amalgamation scheme would result in a tax-free merger. Furthermore, the Indian target's investors would not be subject to tax consequences. However, various rules should apply under the Tax Act, and it is vital to minimize ligation and provide more clarity in this area. The SPAC context may boost their spirits by giving new cash options. The Indian economy benefits from start-ups. India's market regulators have previously backed innovation and change; however, it must tread carefully and address critical issues, including investor protection and revenue leakage.[20]

Criticism and Viability of SPACs

Although SPACs raised the same amount of money in 2020 as they had in the previous decade,

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[19] Karan Upadhyayat, SPAC Regulations in India: Identifying regulatory challenges and the way forward, THE SCC ONLINE BLOG, https://www.scconline.com/blog/post/2021/06/08/spacregulations-in-india
[20]https://www.thehindubusinessline.com/business-laws/regulatory-challenges-for-spacs-in India/article34124252.ece

skeptics believe the SPAC bubble will soon bust because people have misinterpreted the underlying economics. They think that due to the dilution incorporated into the SPAC structure, SPACs have a poor post-merger performance. Following the IPO, it is common for a large number of SPAC shares to be redeemed. To compensate for the loss, the SPAC uses the PIPE to sell shares to other parties or investors. As a result, the SPAC sponsors', public shareholders,' private investors', and target entity shareholders' shareholdings would be significantly diluted. As a result, the average return from a post-SPAC merger is expected to be lower than post-market returns in an IPO for retail investors participating in a company with no established commercial operations.

Given the benefits and drawbacks of the SPAC approach, it is now the best option for Indian companies with a foreign holding company. These, i.e., enterprises, have externalized in a jurisdiction that permits cross-border mergers. This makes it easy to comply with cross-border merger requirements but has significant tax ramifications. Several Indian companies, including Flipkart, Zomato, Delhivery, and Grofers, are planning to go public this year despite not having reported earnings in recent years. The costs and benefits of an indirect foreign listing via SPACs must be weighed against the costs and benefits of a direct listing in India via an IPO, which is supported by an excellent regulatory system but comes with a hazardous valuation.

SPACs could be an exciting alternative to IPOs for Indian companies with careful structuring and possible innovation in a standard SPAC transaction. It is tailored to meet the duties under the Indian regulatory environment.[21]

SUGGESTIONS & RECOMMENDATIONS

- Too many regulators contribute to cumbersome procedures- As previously stated, current rules and regulations are adverse to the development of SPACs in India. In light of the current state of the Indian economy, some of those laws and regulations are outdated and need to be updated. Too many rules make it challenging to conduct business, which stifles a startup's growth.
- How to Tell the Difference Between Shell Companies and SPACs- The meaning of shell corporations must be clarified, and the notion that shell companies are primarily utilized for money laundering must be debunked. Growth necessitates a variety of changes. Similarly,

[21] Poojita Saxena, IndiaCorpLaw, The SPAC-tacular rise of Blank Check Companies in India?, https://indiacorplaw.in/2021/03/the-spac-tacular-rise-of-blank-check-companies-in-india.html

the advent of shell firms and blank check companies, which were long considered illegal, necessitates SPAC recognition. With the potential consequences in mind, steps should be taken to regulate SPAC, so it is easy to tell what is lawful and what is not.

- Examining, adopting, and implementing SPAC regulations in other countries - After analysing the rules governing SPACs in the US and the UK, a special committee in India should be formed to investigate the impact of SPACs in other countries, particularly in terms of revitalizing their start-up industries. When it comes to regulating SPACs, this could be a great place to start. Providing clarity and resolving ambiguities - The Indian Companies Act, 2013 should be revised to include a separate chapter on SPAC rules and regulations, which will aid in governing matters such as management, shareholders, and the board of directors. Once the SPACs have completed the acquisition, it is recommended that they be controlled by the ordinary laws or provisions in India. SPACs do not go through the typical IPO process. As a result, they are distinct from corporations that conduct traditional IPOs, necessitating the creation of specific legislation for them. All applicable legislation and listing requirements, on the other hand, necessitate separate provisions/chapters. Start-ups, venture capitalists, and angel investors may be eligible for the same tax exemptions and deductions as SPACs.

Conclusion

The International Financial Service Centre Authority (IFSCA) recently released a consultation paper that calls for SPAC to be listed in the IFSC. In India, there is now only one IFSC, the GIFT City in Gandhinagar, Gujarat. The purpose of the consultation paper is to regulate the listing of securities of international and Indian enterprises on an IFSC stock market. [22]It stipulates that the offered size for a SPAC listing must be at least USD 50 million. The minimum promoter (sponsor) investment in SPAC IPO is USD 250,000, and the minimum application size is 20% of the post-issue paid-up capital.

While SPAC's listing at the IFSC is a positive step, it should be emphasized that the GIFT City IFSC is still in its early stages and is not yet a well-established platform for fundraising. The IFSC's reach and capital access are far inferior to those offered by the BSE and NSE. It is time for Indian regulators to adopt new market mechanisms for fundraising to exploit the capital market's potential fully.

[22] The International Financial Services Centres Authority (Issuance and Listing of Securities) Regulations, 2021

The regulatory system must shift dramatically to establish India as a favorable destination for SPACs. It is essential to amend the Companies Act of 2013 to add provisions relating to SPACs. Also, to define SPACs under the law and provide them legal standing, addressing a real need. In addition to the company act, direct tax rules may need to be changed to make SPACs more desirable to investors. In the past year, SPACs have grown in popularity among businesses planning to go public and investors. The concept of SPC was first proposed in the early 1990s. However, the unprecedented pandemic has frightened investors, and businesses have incurred losses. They are subject to less regulatory scrutiny than SPACs and have a reputation for being a low-risk investment. Investors can also sell their shares for cash while maintaining the warrant if the IPO succeeds. The SPAC listing has been recognized by several nations, including the United States, the United Kingdom, Canada, and Australia, and has resulted in successful IPO listings. Asian markets, on the other hand, such as Singapore and Hong Kong, are looking forward to SPAC's debut on their respective stock exchanges. This paper demonstrates that Indian regulatory organizations must change their regulations to allow SPAC listing. While the current regulatory climate would not preclude a SPAC offering in India, the SEBI legislation governing SPAC listings and the necessary revisions to the RBI Guidelines, Stamp Act, and Takeover Code would make such a transaction financially and legally feasible. It is time for Indian authorities to capitalize on the tremendous wealth-generating potential of SPAC listings. SPACs are viewed as a substantial investment that should not be neglected. Their agility can help the economy grow by supporting businesses with mergers and employment preservation. Experts have indicated that SPACs can usher in a new era of mergers and acquisitions. Thus, today's private equity activities are similar to its SPAC operations. As a result, instead of being dubious of this investment vehicle, governments should be more "SPAC friendly." Taking a positive mindset, as it did in the United States, would result in efficient capital markets and, as a result, economic prosperity for the country. SPACs can also assist them in going public because the capital markets have been weak throughout this many pandemics. SPACs have earned their position in the modern world, and if administrative and legislative organizations intervened by extended rules or recommendations, the SPAC technique would be highly desirable. The involvement above will not only help the SPAC's formation and credibility, but it will also improve market efficiency and promote the country's economic recovery. The SPAC phenomena demand additional research and elucidation from administrative technicalities and the academic community to provide the environment with administrative technicalities functioning capital markets.