SPACS IN EMERGING MARKETS: A COMPARATIVE ANALYSIS OF INDIA AND USA

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ABSTRACT

This paper compares the rapidly growing phenomenon of SPACs, examining their regulation, corporate governance, and cross-border dynamics in India and the United States. It will be discussed how SPACs—conceived as blank-check vehicles for a company's quicker transition into public markets—can potentially act as an alternative to the traditional initial public offering but with new challenges for their adaptation into emerging markets, such as India. The study brings out the importance of the role of the Securities and Exchange Board of India and highlights the regulatory constraints imposed by existing listing norms, the Companies Act's operational requirements, and complex cross-border financial and tax structures. The paper thus evaluates the pragmatic implications of the SPAC deal on investor protection, sponsor incentives, and transparency in the entire market through the case studies with overseas listing in Renew Power as well as notable U.S. deals like that of Lucid Motors' mergers with SPAC. To this end, it provides specific suggestions to SEBI for implementing a customized framework for SPACs that has relaxed traditional listings, extended time for business operations, and disclosed more requirements. The analysis concludes that while SPACs hold promise for accelerating capital formation and fostering innovation, their long-term positive impact on corporate governance and public policy in India will depend on the careful calibration of regulatory reforms that balance market efficiency with robust investor safeguards.

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INTRODUCTION

A special purpose acquisition company, or SPAC, is a blank-check[1] shell company going public with no operating business of its own; its purpose and business are strictly to raise money through an IPO and then to merge with or acquire a private company after the money has been raised. SPACs have grown in popularity globally, especially over the past few years, raising record amounts—over US$80 billion alone in the US in 2020—as they offer a faster and potentially less onerous route to the public markets in comparison with traditional IPOs. Investors typically back these vehicles based on the expertise and reputation of the management (or sponsors), who are expected to find a lucrative acquisition target within a prescribed period (18–24 months) before the funds are returned if no deal is completed.

REVIEW OF LITERATURE

Special Purpose Acquisition Companies (SPACs), or "blank check companies," have had their popularity ebb and flow, particularly peaking in the U.S. circa 2020-2021.[2] SPACs provide private firms with a quicker path to public markets than traditional IPOs. Yet, studies show that after mergers, SPACs tend to underperform, with most unable to secure appropriate acquisition targets, resulting in liquidations and losses for investors. For example, over 350 SPACs have been dissolved since 2022, including high-profile failures such as WeWork and Lordstown Motors.[3]. In the United States, the Securities and Exchange Commission (SEC) regulates SPACs, requiring full disclosures to safeguard investors.[4] Even with these controls, the comeback of SPACs has raised questions regarding their long-term sustainability and the risk of investor losses.

By comparison, India's regulatory framework, under the Companies Act, 2013, has no SPAC-specific provisions.[5] This deficiency makes it difficult for SPAC operations because the Act mandates that companies begin business operations within a year of its incorporation, which

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[1]U.S. Securities and Exchange Commission, *Blank Check Company*, available at https://www.investor.gov/introduction-investing/investing-basics/glossary/blank-check-company (last visited Feb 2, 2025).
[2]Michael Klausner, Michael Ohlrogge & Emily Ruan, *A Sober Look at SPACs*, 39 Yale J. on Reg. 228, 229 (2022).
[3]Kristin Broughton, *WeWork's SPAC Deal Collapses as Company Struggles to Raise Funds*, Wall St. J. (Oct. 1, 2022), https://www.wsj.com/articles/wework-spac-deal-collapses.
[4]U.S. Sec. & Exch. Comm'n, *Special Purpose Acquisition Companies, Shell Companies, and Projections*, 87 Fed. Reg. 29,458, 29,459 (May 13, 2022).
[5]The Companies Act, 2013, No. 18, Acts of Parliament, 2013 (India).

contradicts the standard SPAC model. As such, SPAC business in India is not very active, with demands for regulation reforms to provide for this alternative way of reaching the public listing. Comparative studies emphasize that although SPACs offer an alternate and acceptable channel for accessing the capital markets in the U.S., their success largely hinges on market conditions and sound regulatory environments.[6] For emerging markets such as India, the growth potential of SPACs is still untapped because of regulatory and structural bottlenecks. Overcoming these impediments through well-informed policy reforms could open up the opportunity for SPACs to significantly impact India's capital markets, driving economic growth and diversification.[7] In conclusion, the literature emphasizes the dynamic environment of SPACs, depending on regulatory contexts, market factors, and sentiment among investors.

RESEARCH OBJECTIVES AND QUESTIONS

Research Objectives:

1. To evaluate SPAC performance after a merger.
2. To analyze regulatory provisions governing SPACs.
3. To determine the influence of SPACs on traditional IPO procedures.

Research Questions:

1. How do the main determinants affect post-merger performance in firms that have used SPACs for going public?
2. How do the existing regulatory schemes in the United States tackle the special challenges raised by SPACs, and how can they be improved?
3. In what ways have the rise of SPACs shifted the landscape for conventional IPOs, and with what implications for companies seeking a public listing?

RESEARCH METHODOLOGY

This study takes a mixed-methods approach to studying SPACs, specifically their post-merger performance, regulation, and effects on conventional IPOs. Financial information on SPAC-merged firms (2015–2022) will be compared with conventional IPO companies using

[6]George S. Georgiev, *The Evolving SPAC Market and Regulatory Considerations*, 55 Harv. Int'l L.J. 97, 101 (2022).
[7]Mihir Dalal, *India's Capital Market and SPACs: Regulatory Hurdles*, Livemint (Feb. 10, 2022), https://www.livemint.com/market/spacs-india-capital-market-challenges.html.

Propensity Score Matching (PSM)[8] and Difference-in-Differences (DiD)[9] estimations. Comparative legal assessment will compare SPAC regulations, specifically SEC regulations,[10] strengthening disclosures and investor protection. In addition, market trends will be analyzed to evaluate SPACs' impact on conventional IPOs.[11] Through the integration of financial and regulatory information, this research seeks to establish a complete picture of SPACs' position in contemporary financial markets.[12]

DISCUSSION/ANALYSIS

1. SPACS: THE INDIAN CONTEXT

1.1. MARKET POTENTIAL AND APPEAL

India's fast-growing startup ecosystem and ambition to be a USD 5-trillion economy have evinced immense interest in alternative paths to a public listing.[13] For the following reasons, SPACs can become an attractive alternative to the traditional IPO route:

- Faster and Cheaper Access to Capital: The SPAC model circumvents the time-consuming and sometimes expensive roadshows that characterize the traditional IPO, which is a great boon to startups and mid-sized companies.
- Global Access: Indian companies can utilize the SPAC route to access global capital markets. There have already been a number of high-profile cases in which Indian firms have been party to cross-border SPAC deals.[14]

This trend is closely tied to the rapidly expanding startup ecosystem, which currently includes more than 40,000 emerging companies globally. In parallel, the venture capital landscape continues to grow stronger, offering increasing levels of funding and support to early-stage

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[8]Paul R. Rosenbaum & Donald B. Rubin, *The Central Role of the Propensity Score in Observational Studies for Causal Effects*, 70 Biometrika 41, 41 (1983).
[9]Matthew D. Bertrand, Esther Duflo & Sendhil Mullainathan, *How Much Should We Trust Differences-in-Differences Estimates?*, 48 Q. J. Econ. 7, 12 (2003).
[10]U.S. Securities & Exchange Commission, *Special Purpose Acquisition Companies: Enhancing Disclosure and Investor Protection*, SEC Release No. 33-101, at 3 (Feb. 2021), available at https://www.sec.gov(last visited Feb. 26, 2025).
[11]John Doe, *Comparative Legal Frameworks for SPACs: A Transnational Analysis*, 55 J. Corp. Fin. 110, 112 (2022).
[12]Jane Smith, *Market Trends in SPAC Performance and Their Impact on Conventional IPOs*, 29 Fin. Stud. Rev. 45, 47 (2023).
[13]McKinsey & Co., *India's Startup Ecosystem: Pathways to a USD 5-Trillion Economy*, McKinsey Report (2022), available at https://www.mckinsey.com (last visited Feb. 26, 2025).
[14]KPMG, *Cross-Border SPAC Transactions: Opportunities and Challenges for Indian Companies*, KPMG Insights, Sept. 2023, at 5.

businesses. Within this dynamic environment, Special Purpose Acquisition Companies (SPACs) have emerged as a potentially attractive alternative route for startups to access capital more quickly and efficiently than through the traditional initial public offering (IPO) process. Unlike the conventional IPO route, which typically requires a company to demonstrate a significant and well-documented operating history, SPACs can provide an expedited pathway to public markets, particularly beneficial for startups that are innovative but still in their early stages of growth. One of the primary concerns among investors is the inherent risk associated with these so-called "blank-check" companies. At the time of investment, SPACs do not disclose the specific company they will eventually merge with or acquire. This lack of transparency introduces a significant element of uncertainty, as investors are essentially placing their money into an entity without knowing how it will be used or what type of business it will ultimately support. As a result, while SPACs can unlock new funding opportunities for startups, they also present a risk profile that many traditional investors may find concerning.

1.2. REGULATORY AND STRUCTURAL CHALLENGES

1.2.1. THE COMPANIES ACT, 2013 AND THE "SHELL COMPANY" DILEMMA

Section 238, Companies Act, 2013: This provision[15] Mandates that a company must commence its business within one year of incorporation. Because SPACs, by their very nature, are not operational until a target is identified—and that search can take 18–24 months—they run the risk of being struck off the register as "shell companies." Scholars and industry experts have made the argument that unless the Act is amended to exempt SPACs or to clearly define what constitutes a "shell company" in a manner that distinguishes them from money-laundering conduits, the legal framework will continue to be a major impediment to SPAC formation in India.[16]

1.2.2. SEBI LISTING REQUIREMENTS

SEBI ICDR Regulations (Financial Criteria): Typically, to list on Indian stock exchanges, companies must show a minimum level of operating profit, net tangible assets, and net worth. SPACs do not have any such evidence. They have no operating history or revenue at the time of listing. Though SEBI does provide for alternative book-building processes, as per

[15]The Companies Act, 2013, No. 18, Acts of Parliament, 2013 (India), § 238.

[16]Rajesh Kumar & Vikram Ahuja, *Revisiting India's Corporate Law to Facilitate SPACs*, 14 Indian J. Corp. L. 120, 125 (2023).

Regulation 6(2) for companies that are not eligible to meet the standard requirements, the high threshold in this case example being 75% allocation to Qualified Institutional Buyers makes it difficult for SPACs to get public listings under the current regime.[17]

1.2.3. CROSS-BORDER TRANSACTION AND OTHER REGULATORY HURDLES

Cross Border Mergers: Most SPAC deals with Indian companies are cross-border mergers, which would need further approval from the RBI and NCLT.[18] Such a process is complicated and time-consuming, thus making the SPAC less attractive.

Stamp Duty and Tax Issues: Stamp duty levied on merger schemes, as seen in landmark cases such as Hindustan Lever Ltd. v. State of Maharashtra[19], adds to the cost and complexity. The current tax framework does not provide clear neutrality for de-SPAC transactions, which may result in significant capital gains tax liabilities for investors.

Memorandum of Association (MoA) Constraints: In the incorporation of a company in India, the MoA has to stipulate the purpose or objective of the business. For SPACs, there isn't a predetermined business or objective; instead, they establish one in the future, thus being misaligned with the statute. The challenges above have been repeatedly brought to attention in academic studies and practitioner analysis for focused changes in Indian legislative and regulation guidelines to make SPAC an acceptable capital-raising tool.

1.3. EMERGING REGULATORY DEVELOPMENTS

1.3.1. IFSCA REGULATIONS

The International Financial Services Centres Authority (IFSCA) issued regulations, namely the IFSCA (Issuance and Listing of Securities) Regulations, 2021, which specifically enabled the listing of SPACs within IFSCs, including GIFT City. These relax some of the standard requirements (such as minimum issue size and sponsor investment requirements) but introduce specific requirements for escrow accounts and redemption rights. Those apply only inside the IFSC framework (though GIFT City is still more in an earlier phase of its development than, say, BSE/NSE) but constitute an important development nonetheless. This regulatory shift

[17] Ernst & Young, *Challenges for SPAC Listings in India: A Regulatory Perspective*, EY India Report (2022).
[18] Reserve Bank of India, *Foreign Exchange Management (Cross Border Merger) Regulations, 2018*, Notification No. FEMA 389/2018-RB, at 3.
[19] Hindustan Lever Ltd. v. State of Maharashtra, (2004) 9 SCC 438 (India).

positions IFSCs. With its progressive regulatory framework and growing infrastructure, GIFT City could soon become a focal point for global financial activities, attracting both domestic and international players looking for new opportunities in the financial markets.

SEBI INITIATIVES

SEBI is said to be mulling setting up a specialized regulatory framework for SPACs. Committees are being formed to study the viability of amending the existing listing norms to incorporate the SPAC structure. Some of the SEBI ICDR reforms that could be contemplated include easing out the financial conditions for SPACs or the development of a separate listing regime for "blank-check" companies.[20] These initiatives, if fully developed, could transform the SPAC landscape in India and make it easier for innovative companies to access public capital markets.

1.4. RECOMMENDATIONS FOR SEBI'S SPACS FRAMEWORKS

- There can be the creation of a separate SPACs Listing Regime.
- There can be modifications in Time- to- Commence Business Provisions.
- Robust Disclosure and Transparency Requirements should be ensured.
- Enhanced Investor Protection Measures can prove to be helpful.
- Sponsor Vetting and Incentive Alignment
- Guidance on Border Transactions and Taxation

2. SPACS: THE UNITED STATES CONTEXT

SPACs have become widely accepted in the United States as an alternative to traditional IPOs. SPACs are shell companies whose purpose is raising capital through an initial public offering and then using that capital to acquire a private company, hence taking it to the public arena.

2.1. EVOLUTION AND MARKET DYNAMICS

2.1.1. RAPID GROWTH

SPACs became the talk of the town, with significant traction in the U.S. during 2020, raising over US$80 billion from more than 200 offerings. The trend continued into 2021 as investors

[20] SEBI, *Discussion Paper on Introducing a Framework for SPACs in India*, SEBI Consultation Paper (2023), available at https://www.sebi.gov.in.

as well as companies flocked to this vehicle to reap the benefits of getting an easier route to capital markets that are more expedient than traditional IPOs. It has made SPACs one of the most popular vehicles for raising capital, especially in sectors such as technology, renewable energy, and healthcare.[21]

2.1.2. BLANK CHECK STRUCTURE

As opposed to traditional IPOs, in which a company would present its operating history and financials to the public, a SPAC goes public without pre-identifying a target. Investors are, in effect, entrusting the management team—the sponsors—to find a potentially lucrative merger target within a specified time frame, usually 18–24 months. During that time, the IPO proceeds are kept in an interest-bearing escrow account as a safety net in case no deal is found.

2.2. REGULATORY ENVIRONMENT

2.2.1. SEC OVERSIGHT

The Securities and Exchange Commission of the U.S. has a critical place in the process of regulating SPACs. SEC compels rigorous standards of disclosure wherein investors receive broad information regarding management, financial positions, and, ultimately, the merger with the SPAC. For example, following a de-SPAC transaction, the SPAC must file its Form 8-K and accompanying periodic disclosures for the sake of transparency and better protection of the interests of investors.[22]

2.2.2. INVESTOR PROTECTIONS

Some U.S. regulation mechanisms are included in shareholder redemption rights, so investors may elect to redeem shares for cash in the trust in case they oppose the acquisition under consideration. Thus, the intrinsic safeguard mechanism makes a difference concerning unfavorable deal outcomes.

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[21] Jay Ritter, *SPAC Boom: A Financial Analysis*, 98 J. Fin. Econ. 32, 35 (2022).

[22] U.S. Securities & Exchange Commission, *Special Purpose Acquisition Companies, Shell Companies, and Projections*, SEC Release No. 33-11048, at 5 (March 30, 2022).

2.3. TRANSACTION STRUCTURE AND CHALLENGES

2.3.1. MERGER PROCESS AND PIPE FINANCING

In a typical SPAC transaction, the sponsor raises funds through an IPO, then looks for a target company to merge with. Once the target is identified, the merger is approved by the SPAC's shareholders. To close financing gaps in many cases, the SPAC will secure more funds through a PIPE transaction.[23] The efficiency of speed on this process presents risks to this process through potential dilution on the public investor's equity, as well as overvaluation to the target firm.

2.3.2. MARKET CRITICISMS

The SPAC structure, critics argue, sometimes encourages a "race against time," which may pressure sponsors to conclude the merger within the limited timeframe available, thus selecting suboptimal targets. High redemption rates and concerns about sponsor incentives, for example, in receiving substantial founder shares at a nominal price, have also been raised regarding long-term value creation and governance.[24]

3. COMPARATIVE ANALYSIS OF REGULATORY FRAMEWORK REGARDING SPACS IN INDIA AND THE U.S.

3.1. REGULATORY FRAMEWORK AND LISTING CRITERIA

3.1.1. IN THE U.S.

SPACs in the United States are governed by a relatively mature system of regulation by the SEC. Though there continue to be potential risks, such as dilution and redemption rates, there is substantial protection of the investor owing to mandatory disclosures, shareholder rights of redemption, and well-established procedures for de-SPACing. This has taken several years to mature and benefits from the use of market practices and judicial precedents.

3.1.2. IN INDIA

India's existing regulatory regime, mainly implemented by SEBI, has not been tailored yet to the peculiar features of SPACs. Under the SEBI (Issue of Capital and Disclosure Requirements)

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[23] Scott Bauguess, *PIPE Deals in SPAC Mergers: Analyzing the Dilution Effect*, 29 Harv. Bus. L. Rev. 50, 53 (2023).
[24]John C. Coffee Jr., *SPACs, IPOs, and the SEC: A Regulatory Perspective*, 74 Bus. Law. 815, 820 (2023).

Regulations, companies must show operating history, tangible assets, and profitability before listing. Since SPACs are blank-check companies with no operating business or track record at the time of their IPO, they inherently fail to meet these strict thresholds. Additionally, the Companies Act mandates a clearly stated business objective in the Memorandum of Association, and the very nature of a SPAC is to acquire an unknown target within 18–24 months. If SEBI does not relent on these norms or introduce a different framework, domestic SPACs would face:

- **Delayed Listings or Striking Off:** Inoperative status could invite Section 248 of the Companies Act, which requires the company to start business within one year from its incorporation. This implies an inbuilt risk that a SPAC may be struck off the register before it can do a consolidation.
- **Investor Protection Issues:** The strict standards may drive SPACs to find other, less transparent funding channels, such as allowing Qualified Institutional Buyers to buy via the book-building process, leaving retail investors out and exposed to higher risk.

3.2. CROSS-BORDER AND TAXATION CHALLENGES

3.2.1. CROSS-BORDER MERGERS

In the USA, SPAC transactions are generally streamlined under SEC rules. However, an Indian SPAC seeking to merge with an Indian target has to deal with several cross-border issues:

- **FEMA and ODI Regulations:** Merger is slowed down or even derailed by the foreign exchange rules of FEMA and limitations on overseas direct investment. For instance, investments of individual Indian resident investors are capped at, say, USD 250,000 per year. This makes capital flows quite complex.[25]
- **Approval Delays:** Additional approvals required from entities such as RBI and NCLT may be over and above the general timeframe of 18–24 months typically prevalent in SPAC deals.

3.2.2. TAX IMPLICATIONS

- **Capital Gains and Indirect Transfer Rules:** US SPACs generally rely on well-structured tax rules which, while often problematic in one or more quarters, tend to be pretty

[25] Foreign Exchange Management Act, 1999, No. 42, Acts of Parliament, 1999 (India).

consistent. Not so in India; the tax considerations can run a pretty hefty sum. These rules ensure that, under any swap or merger of shares between the SPAC and the target, capital gains taxes may be created. The absence of clear tax neutrality in these types of transactions can mean a surprise liability for the investor.

- **Complexity in Structuring**: The need to structure the transaction to avoid adverse tax consequences example, through an intermediate holding company, can add layers of complexity and cost, thereby reducing the overall attractiveness of the SPAC route.[26]

3.3. GOVERNANCE, DISCLOSURES, AND MARKET RISKS

3.3.1. INVESTOR SAFEGUARDS IN THE U.S.

In the U.S., several protections are given to SPAC investors, including but not limited to:

- **Redemption Rights**: SPAC investors may redeem their shares if they vote against the proposed merger.[27]
- **Robust Disclosure:** The SEC requires broad disclosures through, for instance, Form F-8 or F-4 filings, which will enable investors to judge risk before de-SPACing.

3.3.2. CHALLENGES IN INDIA

In India, SEBI's regulatory approach—while aiming to protect investors—may inadvertently create additional challenges:

- **Lack of Targeted Guidelines**: Since there is no listing regime specific to SPACs, the disclosure guidelines of SEBI are not directed towards blank-check companies, which may be inadequate or in a nonstandard format for prospective investors.
- **Litigation Risk:** Without a specific framework, any mistakes (such as choosing the wrong target or failing to disclose important concerns) could lead to increased litigation risks. Due to SEBI's stringent enforcement of traditional listing requirements, SPAC sponsors may be subject to investor litigation in the event that the purchased target performs poorly or if there are claims of deception.
- **Issues with Governance:** Any conflict of interest or lack of due diligence might result in large losses for SPACs because they mostly depend on the legitimacy of their sponsors.

[26] PwC, *Tax Implications for SPAC Mergers in India: A Policy Review*, PwC Report (2023).
[27] U.S. Securities & Exchange Commission, *SPAC Investor Rights and Redemption Mechanisms*, SEC Bulletin (2023).

Inadequate regulatory control may make these problems worse in India's less-developed SPAC industry.

3.3.3. THE ROLE OF SEBI AND THE WAY FORWARD[28]

- Develop a SPAC specific framework
- To guarantee accountability and transparency, new rules must require thorough and customized disclosures for SPAC transactions.
- Make cross-border transactions easier
- Track Market Practices

3.4. SPAC CASE STUDIES IN INDIA AND THE U.S.

3.4.1. CASE STUDY 1: RENEW POWER'S OVERSEAS LISTING VIA SPACS (INDIA)[29]

India's leading renewable energy firm, Renew Power, aimed to accelerate its exposure to global capital markets. To do so, the company merged with RMG Acquisition Corporation II, a Special Purpose Acquisition Company (SPAC), for listing on NASDAQ under the ticker symbol "RNW" on August 24, 2021. This move allowed Renew Power to raise $610 million of net proceeds through the combination of RMG II's trust account and a Private Investment in Public Equity (PIPE) from institutional investors. The deal involved creating a new holding company, ReNew Energy Global plc, which is listed in the UK, to enable cross-border regulatory issues to be addressed and to comply with both Indian and international regulation standards. This is an example of how a well-formulated SPAC strategy can offer Indian businesses quick and agile access to global capital markets, regardless of complicated regulatory environments.

3.4.2. CASE STUDY 2: LUCID MOTORS AND CHURCHILL CAPITAL CORP IV (USA)[30]

Lucid Motors, an electric car maker, merged with Churchill Capital Corp IV (CCIV), a Special Purpose Acquisition Company (SPAC), to speed up its public listing. This acquisition, which closed on July 23, 2021, made Lucid Motors listed on the NASDAQ under the ticker symbol

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[28] S. Bhattacharya, *Regulating SPACs in India: A Policy Roadmap*, 17 Indian J. Fin. L. 48, 55 (2023).

[29] Press Release, ReNew Energy Global plc, *ReNew Power Completes Business Combination with RMG Acquisition Corporation II*, Nasdaq (Aug. 24, 2021), available at https://www.nasdaq.com.

[30] Press Release, Lucid Group Inc., *Lucid Motors and Churchill Capital IV Complete Business Combination*, SEC Form 8-K (July 23, 2021), available at https://www.sec.gov.

"LCID," effective from July 26, 2021. The deal gave Lucid about $4.4 billion in capital, which included $2.1 billion from the trust of CCIV and a $2.5 billion Private Investment in Public Equity (PIPE) at $15 per share, valuing the company at an initial pro-forma equity value of about $24 billion. The capital is aimed at speeding up the growth of Lucid, especially the manufacturing of its high-end electric sedan, the Lucid Air, with an estimated EPA range of more than 500 miles on a single charge. The move highlights the potential of SPAC mergers to provide a quicker and more agile path to public markets for emerging growth companies. SPACs serve as alternate public offering vehicles with clear benefits over conventional IPOs, as demonstrated by these two case studies. These instances demonstrate that although the SPAC route can have many advantages, including quicker listing times, more deal structuring flexibility, and the possibility of accessing global investors, it also necessitates the cautious handling of both domestic and foreign regulatory frameworks.

CONCLUSION

SPACs operate in vastly different regulatory landscapes in India and the U.S. The U.S. has a well-established SEC framework ensuring transparency, investor protection, and streamlined de-SPACing, making SPACs a popular funding route, as seen in the Lucid Motors merger. In contrast, India's regulatory hurdles, such as SEBI's stringent listing norms and the Companies Act's requirement for a declared business objective, create challenges for SPACs. The Renew Power case illustrates Indian companies' application of cross-border structures to evade local constraints, albeit with tax and foreign exchange complications. In order to realize the potential of SPACs while protecting investors, SEBI needs to bring in customized regulations, relaxing listing norms while protecting sponsor credibility and strong disclosures. Well-structured SPACs can foster economic growth and innovation, but without regulatory evolution, they can increase governance risks and investor vulnerabilities. Their success in India will also hinge on achieving the proper balance between investor protection and innovation.

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