Our Views

Globally Competitive Capital Markets: Lessons from the World's Largest IPO

There is much to be proud of in India's capital markets. Our trading platforms are world class, our clearing and settlement systems are among the fastest anywhere, our payment and transfer mechanisms work with quiet reliability, and our regulatory architecture has earned genuine international respect. Defaults are rare, disruptions rarer still. In the secondary market, where shares change hands every minute in millions, we can say with confidence that we stand shoulder to shoulder with any developed market in the world.

A market has two engines. The secondary market provides liquidity; the primary market provides capital. It is the primary market that allows companies to raise resources, fund factories, hire people, and build the future. Here, candidly, we are not yet firing on both engines. Our primary market, for all its recent vibrancy, remains slower, more rigid, and more prescriptive than it needs to be.

Nothing illustrates this better than the largest IPO in history, the blockbuster listing of SpaceX in the United States this June. Consider the arithmetic of it. SpaceX confidentially filed its draft papers with the US securities regulator on April 1, 2026. Its public prospectus followed on May 20. The roadshow began on June 4, the issue was priced on June 11, and the shares began trading on Nasdaq on June 12. A $75 billion offering, valuing the company at roughly $1.8 trillion, was completed start to finish in about ten weeks. In India, a transaction a fraction of that size would comfortably take several months, sometimes the better part of a year, from draft filing to listing.

Why does speed matter? Because markets are dynamic and money has a time value. A window of favourable sentiment can open and close within weeks. Efficiency in the primary market is not a luxury; it is the difference between capital raised and capital foregone.

The second, subtler difference is flexibility. As markets and market participants mature, the best regulatory frameworks evolve from prescription based on rules towards discipline based on principles, where the regulator sets the guardrails and the market makes the commercial choices. SpaceX offers a striking example. Instead of the customary price band, it announced a single fixed price of $135 per share, take it or leave it. Investors were free to walk away. They did not; the book was oversubscribed several times over. The regulator did not need to script the pricing; disclosure and market forces did the work.

Contrast this with our framework, where almost everything is codified: the nature of the transaction, the mix of fresh and secondary shares, periods for which shares are locked in, the methodology of allocation, the definition of a promoter, the treatment of founders, and even the format in which information must be presented. Each rule was written with good intentions. Together, they leave issuers and investors with remarkably little room to structure a transaction that suits their circumstances.

A few areas deserve a fresh look. The identification of promoters, and the elaborate disclosures that flow from it, are essentially commercial matters between the issuer and its investors, the two parties best placed to decide what assurance they need from each other. Requirements for locking in shares, similarly, could be guided by broad regulatory direction rather than exhaustive prescription of every category and tenure; in the US, the customary 180 day restriction on insider sales is largely a contractual norm, not a statutory straitjacket.

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Indeed, the SpaceX lockup itself showed remarkable flexibility: some investors could sell in stages well before 180 days, while Mr Elon Musk voluntarily agreed to a lockup of 366 days. The market, not the rulebook, struck that balance.

The size of an offering should reflect market appetite on the day, not a formula. And allocation, today an intensely process driven exercise, is at heart a commercial judgement about building a quality shareholder register, and is best left to issuers and their bankers within fair, transparent principles.

Retail participation deserves special mention. As transaction sizes grow ever larger, there is a strong case for retail investors participating through their brokers, exactly as they do in the secondary market every day. This would compress allocation timelines and allow trading to commence sooner.

The predictable objection is that such freedom will harm investors, and that the regulator must therefore prescribe. History suggests otherwise. We heard precisely this argument when India moved away from controlled pricing of public issues in the early 1990s. The sky did not fall. Free pricing unleashed three decades of growth in which issuers, investors, and the market itself have flourished. Sensible deregulation, anchored in strong disclosure, has consistently made our markets bigger, deeper, and safer, not weaker.

None of this diminishes the credit due to our regulator, which has built one of the most trusted market frameworks in the emerging world. It is, rather, an invitation to take the next confident step. We have the plumbing of a developed market; we now need its flexibility as well. Trust the disclosure regime we have so carefully built, trust the sophistication of our investors, and let commercial decisions rest with those who bear their consequences. Less prescription and more principle will not dilute our markets. It will complete them.

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