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# Mega IPOs and the Deepening of India's Capital Markets, Can the Primary Market Carry the Weight of Confidence?

 **BUSINESS STANDARD**24 June 2026 · **ECONOMY** · **GS3**

CURATED &amp; WRITTEN BY

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# Mega IPOs and the Deepening of India's Capital Markets, Can the Primary Market Carry the Weight of Confidence?


**Business Standard**    24 June 2026    **GS3**

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## INTERVIEW ANGLE

*"Do mega IPOs genuinely deepen a capital market, or do they merely concentrate scarce primary-market liquidity in a few headline names while crowding out smaller issuers?"*


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## WHY THIS EDITORIAL MATTERS

India is preparing to absorb two of the largest public issues in its corporate history. Jio Platforms filed its draft prospectus with the Securities and Exchange Board of India (SEBI) in June 2026, targeting a fresh issue of roughly Rs 37,700 crore, and the National Stock Exchange (NSE) is moving toward its own long-pending listing of a comparable scale. Business Standard frames these back-to-back mega IPOs as a possible primary driver that could revive interest in Indian markets. The deeper question for an aspirant is not whether these companies will list, but what their listing reveals about the maturity, depth and resilience (<https://ujyari.com/vocab/resilience/>) of India's capital market.

## THE LIFT LINE

*Mega IPOs are simultaneously a vote of confidence and a stress test. They will deepen India's primary market only if the country's absorption capacity, retail trust and regulatory safeguards rise to meet the size of the issuance.*

## THE CORE ARGUMENT

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The editorial's central claim is that very large IPOs can broaden the equity-investor base and signal confidence in the economy, even when secondary-market sentiment is cautious. A successful Jio Platforms or NSE listing would demonstrate that Indian markets can absorb tens of thousands of crores in fresh equity without disorderly price movements. That, in turn, could draw fresh participation into the primary market and validate India as a destination for large-scale capital formation.

The caution embedded in the argument is equally important. Retail sentiment in the secondary market remains uneven, valuations are stretched, and a single disappointing listing could dent confidence broadly. The size of these issues therefore tests market-absorption capacity in a way smaller IPOs never do.

## HOW TO THINK ABOUT THIS (CONCEPTUAL TOOLKIT)

To reason like an examiner, separate the moving parts.

### Primary Market Versus Secondary Market

This is the foundational distinction. The **primary market** is where a company raises fresh capital directly from investors, most visibly through an Initial Public Offering (IPO). The money flows to the issuing company and can fund investment, debt repayment or expansion. The **secondary market** is where already-issued shares change hands between investors on exchanges such as the NSE and BSE; here no fresh capital reaches the company, only ownership transfers. A fresh-issue IPO like Jio Platforms is significant precisely because it channels capital into real economic activity rather than mere churn.

### Book-Building and Price Discovery

Large IPOs in India use the **book-building** process, where the issuer offers a price band and institutional and retail investors bid within it. The final price is discovered from the demand curve that the book reveals. For a mega IPO, orderly book-building is what prevents either underpricing (capital left on the table) or overpricing (post-listing losses for retail investors).

### SEBI as the Gatekeeper

The **Securities and Exchange Board of India**, a **statutory** (<https://ujivari.com/vocab/statutory/>) body under the SEBI Act, 1992, regulates disclosures, the prospectus, pricing norms and investor protection. For issuers valued above Rs 5 lakh crore, calibrated rules now permit listing with a smaller initial public float, easing the path for very large firms while phasing in wider public ownership over time. SEBI's credibility is the institutional backbone that lets retail investors trust a mega issue.

## THE STRUCTURAL STORY: FINANCIALISATION OF HOUSEHOLD SAVINGS

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The reason a market that once could not absorb a Rs 10,000 crore issue can now contemplate two simultaneous mega IPOs is the **financialisation of household savings**. Indian households are steadily shifting savings out of gold, real estate and bank deposits into financial assets, particularly equity.

INDICATOR	APPROXIMATE POSITION (2026)	SIGNIFICANCE
Demat accounts	Around 21 crore	Broad retail base for primary issues
Monthly SIP inflows	Above Rs 31,000 crore	Steady, rule-based domestic demand
Market cap to GDP	Near 120 per cent	Market roughly the size of the economy

This domestic cushion, channelled largely through **Systematic Investment Plans (SIPs)** into mutual funds, supplies steady demand that did not exist a decade ago. It is what allows India to consider mega IPOs without relying solely on foreign portfolio flows. Domestic institutional investors, fed by SIPs, increasingly anchor large issues.

## THE COUNTER-VIEW

A rigorous aspirant must hold the opposite case in mind.

First, **concentration risk**: when two giant issues soak up tens of thousands of crores in a short window, they can crowd out smaller and mid-sized issuers competing for the same pool of primary-market liquidity.

Second, **valuation and froth**: a market-capitalisation-to-GDP ratio near 120 per cent is not low. Mega IPOs priced at rich valuations can leave retail investors exposed if listing gains disappoint.

Third, **uneven confidence**: cautious secondary-market sentiment signals that enthusiasm is not uniform. A weak debut by a marquee name could sour sentiment across the board, the opposite of the confidence the editorial hopes for.

## DIAGRAM IN WORDS

Picture a funnel. At the wide top sit household savings flowing in through SIPs and demat accounts. The narrow neck is the primary market, gated by SEBI's disclosure and book-building rules. Mega IPOs are large objects pushed through that neck. If the neck (absorption capacity plus regulation) is strong and wide enough, the objects pass through and the market deepens. If the neck is too narrow for the size, the funnel clogs, valuations distort, and confidence leaks out.

## WAY FORWARD

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- 1 **Strengthen price discovery.** SEBI should ensure transparent book-building and realistic price bands so retail investors are not the residual buyers of overpriced paper.
- 2 **Deepen domestic institutional demand.** A larger, steadier mutual-fund and pension base widens absorption capacity beyond foreign flows.
- 3 **Broaden, do not concentrate.** Use mega listings to add new investors and new issuers, not merely to funnel liquidity into a few headline names.
- 4 **Invest in investor education.** A financially literate retail base is the best protection against herd behaviour around marquee IPOs.
- 5 **Sequence large issues.** Orderly spacing of very large offerings reduces the risk of crowding out and liquidity strain.

## PYQ LINKAGE

- *“What are the reasons for introduction of Fiscal Responsibility and Budget Management (FRBM) Act, 1992? Discuss critically...”* tests the broader theme of institutional reform in economic management, of which SEBI-led market regulation is a parallel.
- UPSC Prelims has repeatedly tested the **primary versus secondary market** distinction, the role of **SEBI**, and instruments of capital formation. Expect questions linking IPOs, book-building and disinvestment.
- *“Do you agree that the Indian economy has recently experienced V-shaped recovery? Give reasons...”* connects to how robust capital markets and household financialisation underpin macroeconomic resilience.

## FACTS CORNER

- **Jio Platforms IPO:** Draft prospectus filed with SEBI in June 2026; fresh issue targeting roughly Rs 37,700 crore, among the largest in Indian history.
- **NSE IPO:** A long-pending listing of comparable scale, moving toward the market in the same window.
- **SEBI:** Statutory regulator under the SEBI Act, 1992; governs IPO disclosures, pricing and investor protection.
- **Primary versus secondary market:** Primary raises fresh capital for the issuer; secondary only transfers existing shares between investors.
- **Book-building:** Demand-driven price-discovery mechanism used for large IPOs.

- **Demat accounts:** Around 21 crore in 2026, reflecting deep retail participation.
- **SIP inflows:** Monthly contributions above Rs 31,000 crore, anchoring steady domestic demand.
- **Market cap to GDP:** Near 120 per cent in mid-2026, a gauge of market valuation relative to the economy.
- **Public-float rule:** Very large firms valued above Rs 5 lakh crore may list with a reduced initial public float, phasing in wider ownership over time.

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**KEY ARGUMENTS AT A GLANCE**

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**Mega IPOs are a confidence signal and a stress test at once. They can deepen India's primary market and broaden the equity-investor base only if absorption capacity, retail trust and regulatory safeguards keep pace with issue size.**

 **SUPPORTING**

- The primary market raises fresh capital for productive use, unlike the secondary market which only transfers existing shares. Large fresh issues like Jio Platforms channel capital into real investment rather than mere churn.
- Structural financialisation of household savings, around 21 crore demat accounts and monthly SIP inflows above Rs 31,000 crore, gives India a domestic-investor cushion that did not exist a decade ago.
- The NSE's long-pending listing and SEBI's calibrated rules, including the reduced public-float requirement for very large firms, show institutional maturing of the market architecture.

 **COUNTER**

Headline mega IPOs can crowd out scarce primary-market liquidity, inflate valuations and leave retail investors exposed if listing gains disappoint, while cautious secondary-market sentiment signals that confidence is far from uniform.

 **WAY FORWARD**

Strengthen SEBI disclosure and price-discovery norms, deepen domestic institutional demand, expand investor education, ensure orderly book-building, and use mega listings to widen rather than concentrate the investor base.


**MAINS ANSWER FRAMEWORK**

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**QUESTION**

*India is witnessing some of the largest initial public offerings in its history even as retail sentiment in the secondary market remains cautious. Examine how mega IPOs such as those of Jio Platforms and the National Stock Exchange test the absorption capacity of the primary market. In your answer, distinguish the primary market from the secondary market, assess the role of SEBI as the capital-market regulator, and discuss whether the rising financialisation of household savings, reflected in growing demat accounts and SIP inflows, makes such large issuances sustainable. What reforms would broaden and stabilise the equity-investor base? (250 words)*

**INTRODUCTION**

India's capital market is being tested by some of the largest public issues in its history, even as secondary-market sentiment stays cautious. This divergence makes the absorption capacity of the primary market a central policy question.

**BODY**

The primary market is where companies raise fresh capital from the public, typically through book-built IPOs, whereas the secondary market only enables trading of already-issued shares. A fresh issue such as Jio Platforms, targeting roughly Rs 37,700 crore, directs capital into investment rather than mere transfer of ownership.

SEBI, the statutory regulator under the SEBI Act 1992, governs disclosure, pricing and investor protection, and recent rules allowing very large firms to list with a smaller initial public float aim to make such issues feasible without destabilising prices. India's absorption capacity has grown with financialisation, around 21 crore demat accounts and monthly SIP inflows above Rs 31,000 crore, giving domestic investors a stabilising role.

Yet the market-capitalisation-to-GDP ratio near 120 per cent and cautious retail mood warn against assuming bottomless demand. Concentration risk, valuation froth and uneven retail trust remain real concerns.

**CONCLUSION**

Mega IPOs can deepen the market only if matched by robust regulation, strong domestic institutional demand and a genuinely broadened, well-informed investor base rather than episodic enthusiasm for a few marquee names.


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