

MONTHLY NEWSLETTER

THE BUSINESS BRIEF

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GNLU CENTRE FOR BUSINESS AND PUBLIC POLICY

Welcome to the latest edition of the GNLU Centre for Business and Public Policy's newsletter! In this issue, we delve into the key developments shaping India's business and regulatory landscape this July. From bold regulatory moves by SEBI and IFSCA to high-profile corporate controversies and strategic industry collaborations, our curated coverage brings you sharp insights into the forces driving change in markets, policy, and finance.



✉ gcbpp@gnlu.ac.in

📷 [gcbpp_gnlu](https://www.instagram.com/gcbpp_gnlu)

📱 [gcbpp](https://www.linkedin.com/company/gcbpp)



IFSCA Proposes Unified Master Circulars to Streamline Regulations for IFSC Capital Market Intermediaries

~ *Aishani Agarwal (2023-2028)*

In a decisive move to streamline financial regulations, the International Financial Services Centres Authority (IFSCA) has released a consultation paper proposing master circulars for capital market intermediaries operating within the International Financial Services Centre (IFSC). This initiative follows the recent notification of the IFSCA (Capital Market Intermediaries) Regulations, 2025.

At the heart of this proposal is a vision which is to unify scattered guidelines into a single reference point. This consolidation is poised to benefit a wide array of entities including Credit Rating Agencies, Debenture Trustees, Distributors, ESG Ratings and Data Product Providers, Investment Advisers, Investment Bankers, and Research Entities. The master circulars promise clear paths for registration, governance, permissible activities, KYC/AML/CFT compliance, outsourcing norms, complaint handling, and periodic reporting.

One of the standout features of the framework is the introduction of the Single Window IT System (SWITS). It is designed to simplify application processes and fee payments. The circulars also address operational grey areas that intermediaries frequently traverse by offering clear guidance on cyber security, control procedure changes, registration surrender, and other topics.

IFSCA's call for public comments is open until July 21, 2025. By consolidating rules and creating clarity, IFSCA is not just setting the tone for better compliance, it is scripting a forward-looking narrative for India's position in global financial services.

SEBI Board Meeting – A Step Towards Better Ease of Doing Business?

~ Dev Shroff (2021-2026)

At its 210th meeting held on 18 June 2025, the SEBI Board approved sweeping reforms aimed at simplifying regulatory processes and enhancing ease of doing business for Alternative Investment Funds (AIFs), Angel Funds, and other capital market participants. A key highlight was the introduction of the “Co-Investment Scheme” or “CIV Scheme” under the SEBI (AIF) Regulations. “Co-investment” refers to the investment made by the sponsor, manager, or investor of a Category I or II AIF in an unlisted company where the AIF is already investing. Until now, such co-investments were only permitted through the Portfolio Management Services (PMS) route. The new CIV Scheme allows co-investment to happen within the AIF structure itself, but only for “Accredited Investors” (AIs), with a separate CIV scheme launched for each co-investment.

Alongside, SEBI revised the regulatory framework for “Angel Funds” (a sub-category of AIFs that invest in early-stage startups). Now, only AIs, whose financial standing is independently verified, can invest in Angel Funds. Key changes include the removal of the 25% investment concentration cap, expansion of the permissible number of investors beyond 200, enabling “follow-on investments” in companies that are no longer startups, and revising the investment range to ₹10 lakh–₹25 crore.



The fund sponsor or manager must maintain a “skin in the game” of at least 0.5% or ₹50,000 per deal.

Beyond AIFs and Angel Funds, SEBI approved several other measures to promote efficiency and reduce compliance burdens across the market. These include relaxed norms for IPOs and QIPs, streamlined rules for REITs/InvITs, easier dematerialisation processes, rationalised norms for Foreign Portfolio Investors (FPIs), and settlement schemes for Venture Capital Funds (VCFs) and NSEL brokers.

Overall, the 210th SEBI Board Meeting clearly reflects a consistent regulatory intent: to reduce friction, encourage investor participation, and enable market players to operate with greater flexibility.

Viceroy Research Unveils Scathing Report on Vedanta: Alleges a “Ponzi Scheme” in Debt Management

~ Manas Divetia (2022-2027)

A new report from Viceroy Research has sent shockwaves across India's corporate circles, offering a bleak image of Vedanta Resources and its complicated network of subsidiaries. According to the investigative report, the company, which was once seen as a prominent actor in India's industrial success narrative, is now on the verge of collapse, bolstered by dubious financial manoeuvres, increasing debt, systematic governance failings and an alleged 'Ponzi Scheme' running throughout.

At the core of the report is Vedanta Resources Limited (VRL), a London-based holding firm that Viceroy refers to as a “parasite” feeding off its major Indian operating subsidiary, Vedanta Limited (VEDL). According to the study, VRL has few actual functioning assets and is nearly totally dependent on VEDL for income, dividends, and fees. With VRL controlling 56.38% of VEDL, the upstreaming process is further hampered by dividend leakage to minority shareholders and the Government of India (a large stakeholder in critical assets such as Hindustan Zinc).



Viceroy Research refers to Vedanta's debt management as a “Ponzi scheme” owing to a recurrent, self-destructive loop in how the company serviced its debt. Rather than supporting repayment with true operational cash flow, VRL, the parent firm, survives by extracting and recycling funds from its primary Indian operating subsidiary, VEDL.

Viceroy highlights a vicious cycle: to meet VRL's urgent debt servicing needs, VEDL is forced to take on increasing leverage and deplete its cash reserves. Over the past three years, Vedanta's free cash flow has fallen short of its dividend payments by \$5.6 billion, with VEDL's net debt almost tripling since 2022. The report claims that new borrowing is not funding business growth but instead being used to service existing obligations, pushing the group closer to the brink.

Moreover, the report points to irreconcilable differences between reported interest rates and actual interest payments, a discrepancy suggesting the existence of hidden or off-balance sheet debt along with red flags in its asset portfolio such as Hindustan Zinc's pending litigations, high amounts of regulatory penalties borne by ESL steel and other subsidiaries being loss-making and operationally unviable.

Though Former CJI D.Y. Chandrachud in his professional legal opinion sought by Vedantahas raised preliminary questions about the credibility of the report, Vedanta is now facing unprecedented legal and financial exposure, as this report implies its structure creates a systemic danger to creditors and minority shareholders, a developing case study of regulatory oversight and governance failure.

SEBI bans Jane Street from operating in the Indian Markets

~ Hitesh Thoria (2024 - 29)

U.S. based Jane Street, a prominent proprietary trading firm, has been banned by Securities and Exchange Board of India (SEBI) for engaging in manipulative trading practices that disrupted market integrity and resulted in massive illegal profits. Founded in 2000, Jane Street is a US-based leading global trading firm that operates as a proprietary trading company, specialising in high-frequency trading and algorithmic strategies. Banning a firm of Jane Street's scale and reputation has sent shockwaves through the trading community and raised serious questions among market experts.

On July 4, 2025, SEBI issued a directive barring Jane Street from trading in Indian markets and froze approximately \$567 million (₹4,843 crore) of its assets. The regulator accused Jane Street of deploying manipulative tactics, called "marking the close" strategy and "Intraday Index Manipulation Strategy".



On January 17, 2024, the firm allegedly bought large quantities of banking stocks like ICICI Bank, HDFC Bank, Axis Bank in the cash and futures segments to artificially inflate the index. Simultaneously, it built short positions by selling call options and buying put options. Later, it offloaded the stocks, causing the index to fall, profiting heavily from the now-valuable put options. On expiry days, Jane Street allegedly manipulated prices during the last hours of trading. This strategy is part of the common playbook for stock manipulators as the last thirty to sixty minutes before closing of trading window is crucial for settling derivative trades.

SEBI has accused the firm of, Violating PFUTP (Prohibition of Fraudulent and Unfair Trade Practices) regulations, misleading retail traders, coordinated manipulation across Jane Street entities, ignoring caution letters issued by the NSE in February 2025. Furthermore, SEBI invoked Sections 11(1), 11(4), 11B(1), and 11D of the SEBI Act, banning Jane Street from accessing Indian markets and freezing ₹4,843 crore of their assets.

After much hullabaloo, SEBI has finally lifted ban on Jane Street, after the latter deposited Rs 4,844 crore in an escrow account. The US-based trading firm will be under close watch going forward, with stock exchanges asked to keep an eye on its market activities to prevent any possible wrongdoing.

Jio and BlackRock's Joint Venture in Indian Asset Management

~Jimit Anada (2025-2029)

The partnership of Jio Financial Services and global asset manager BlackRock is an impactful addition to the financial ecosystem in India. This equal joint venture is aimed at democratizing access to investments while growing India's national savings, as it combines BlackRock's fund management capability and Jio's digital reach and distribution. Jio's digital-first approach allows the venture to connect financing opportunities to the 1.3 billion Indian population, while aligning with India's overall policy goals of financial inclusion and expanding capital markets.

The assets under management (AUM) of India's mutual fund industry has grown to ₹72.2 lakh crore, however there is still low retail participation. Only around 3-4% of the Indian population invests in mutual funds, and AUM is equal to only 20% of GDP versus a global average of 65%. This presents a significant untapped opportunity, particularly in smaller cities and rural areas where disruption is yet to occur.

The planned method of distributing low-cost index funds and recovering its active fund inflows on Jio's digital platform and directly to consumers without relying on traditional engagement channels is aligned with SEBI and AMFI's aspirational goal for a meaningful shift in participation behavior and for the building of wealth. Through its low-cost distribution and search strategy, the Jio Blackrock venture will provide a sustainable model and improve upon it for retail investor participation in India i.e. stimulating innovation and scaling of traditional and Fintech players. Regulators are appearing to be supportive of the venture to help India realize its economic growth and inclusion objectives.

The Jio BlackRock partnership represents an important catalyst of income-producing instruments in the planned transformation from a savings-led economy to an investment-led economy through the lens of digital transformation, government ambitions, and retail financial empowerment.

MESSAGE FROM THE NEWSLETTER TEAM

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Our aim is to keep you updated on recent developments by offering a variety of information for your consideration. We welcome your feedback and suggestions to help us improve future editions. Feel free to reach out to us with any thoughts. Stay connected!

 gcbpp@gnlu.ac.in

 [gcbpp_gnlu](https://www.instagram.com/gcbpp_gnlu)

 [gcbpp](https://www.linkedin.com/company/gcbpp)

ADVISORS

Dr. Mobin Shaikh

Head of Centre & Assistant
Professor of Management

Prof.(Dr.) Viral Pandya

Professor of Management

Mr. Satya Ranjan Mishra

Associate Professor of
Commerce

Dr. Mahesh Chaudhary

Assistant Professor of
Management

STUDENT CONVENORS

Mahim Raval

Pulkit Agarwal

TEAM NEWSLETTER

Head: Dwija Vasavada

Co-head: Khushi Patel

Design: Siddhi Prada