Summary

The growth of the Indian economy has laid down the steps for the development of Venture Capital Funds and Private Equity Investments in India. Both Venture Capital Funds and Private Equity Investments are at the nascent stage in our country. The financial market is recovering from its depression phase and is giving positive results to both at domestic and foreign investors. The regulatory regime of Securities Exchange Board of India (SEBI) has issued stringent regulations which are not investor friendly and act as deterrent to the foreign investors. The SEBI (Alternative Investment Funds) Act 2012 has given plethora of new regulations which have made the both domestic and foreign investors at the back foot before investing in our country. The Act plays a safeguard against various malpractices and making safe financing conditions for the investors. The lack of clarity with respect to the investment regulations to various institutional investors is creating ambiguity in the minds of the investors. In comparison to the regulatory laws to the US and UK, the SEBI regulatory regime is not flexible enough to cater the various market fluctuations and is not acting as investor friendly. The regulatory laws relating to Venture Capital Funds and Private Equity Investments in US and UK are governing not only their domestic market but also the global market for various investors. The SEBI needs to define various heads under different categories along with their regulatory structure to make Venture Capital Funds and Private Equity Investments an investor friendly for domestic and foreign investors.