BLOGS

Vishal Tiwari v. Union of India: A Supreme Court Judgment Every CLAT PG Aspirant Should Know

Adtiya Aryan · 05 Jan 2026

This judgment was tested in the CLAT PG exam, so it is worth understanding what the case was about and why such judgments are relevant for students preparing for the exam. At its core, ***Vishal Tiwari v. Union of India*** deals with market regulation, investor protection, and the role of expert regulators in India.

The Supreme Court's decision highlights the limits of judicial intervention and affirms the special role of regulatory bodies like SEBI in the Indian financial system.

Background: What Triggered the Case?

In January 2023, a report by Hindenburg Research, an activist investment firm based in the United States, accused the Adani Group, a major Indian corporate group, of stock price manipulation and non-disclosure of related party transactions.

The report claimed that the Adani Group had engaged in questionable financial practices that were not properly disclosed to regulators or investors. The publication of this report led to a steep fall in the share prices of several Adani companies, resulting in large losses for investors.

Following this, several writ petitions were filed before the Supreme Court by public-spirited citizens, including Vishal Tiwari, under Article 32 of the Constitution. The petitioners alleged regulatory failure by the Securities and Exchange Board of India (SEBI), the statutory body responsible for regulating the securities market.

They sought a court-monitored investigation by either a Special Investigation Team (SIT) or the Central Bureau of Investigation (CBI) into the allegations raised by the Hindenburg report.

What Did the Supreme Court Do?

A **three-judge bench** of the Supreme Court, led by Chief Justice D. Y. Chandrachud, heard the petitions and delivered its final order on **3 January 2024**.

The Court examined whether SEBI had properly investigated the issues raised and whether it was necessary for the judiciary to step in and order a separate investigation by SIT or CBI.

1. SEBI's Regulatory Role Affirmed

The Supreme Court held that SEBI is the expert regulator for matters related to securities markets. SEBI has powers under the SEBI Act, 1992 and the Securities Contracts (Regulation) Rules, 1957 to investigate and take action for violations related to stock trading, disclosure requirements, and investor protection.

The Court noted that SEBI had already conducted thorough investigations into allegations of wrongdoing and was competent to continue doing so. There was **no clear evidence of regulatory failure** that would justify handing the matter over to another investigative agency.

2. Judicial Intervention Only in Exceptional Cases

The Court emphasised that judicial intervention is justified only when a regulatory body has clearly failed in its duties or when action is arbitrary or in violation of fundamental rights. In this case, the Court found no such evidence of failure by SEBI.

Therefore, it refused to transfer the investigation to SIT or CBI, and rejected the petitions' requests for such special probes.

3. Expert Committee and SEBI to Finish Probes

Earlier in March 2023, the Supreme Court had formed an expert committee led by a retired Supreme Court judge to review the situation and make recommendations to strengthen investor protection.

The Court this year directed SEBI and the government to "constructively consider" the suggestions of the Expert Committee to improve the regulatory framework, including investor awareness and safeguards in the securities market.

4. Reports by Third Parties Not Conclusive Proof

The Court also made an important remark that reports by third-party entities, like investigative journalism outfits or research firms, cannot be taken as conclusive legal proof for deciding regulatory failure.

Such reports may point to issues, but they require SEBI's formal investigation.

5. Completion of Remaining Investigations

SEBI told the Court that out of 24 investigations it had begun relating to the Adani Group matter, 22 had already been completed. The Court ordered SEBI to conclude the remaining two within three months.

Why This Judgment Matters for CLAT PG

Understanding ***Vishal Tiwari v. Union of India*** is useful for CLAT PG aspirants for several reasons:

1. Judicial Review and Expert Agencies

This case clarifies how the Supreme Court approaches judicial review in the context of expert regulatory bodies. The Court showed restraint and respect for the specialised domain knowledge of SEBI.

It held that courts should not take over investigations except where there is an outright failure of the regulator. This is a key concept in administrative law and is often tested in the Legal Reasoning paper.

2. Constitutional Remedies Under Article 32

The petition came under Article 32, which gives individuals the right to seek remedy directly from the Supreme Court for violation of fundamental rights.

Although this case involved complex financial regulation, the petitioners used Article 32 to raise issues of investor protection and regulatory failure. Knowing how Article 32 can be invoked in diverse contexts is valuable for CLAT PG.

3. Interplay Between Law and Market Regulation

The judgment shows how constitutional principles interact with securities regulation. The Court did not ignore the law but also recognised the separation of powers and the need to allow specialised bodies to work within their domain. Finding this balance is a recurring theme in CLAT PG questions.

4. Investment, Markets, and Public Interest Litigation

The case also demonstrates the evolving nature of Public Interest Litigation (PIL) in India. Earlier PILs focused on environmental issues, human rights, or corruption.

Here, a PIL dealt with stock market integrity and investor protection, showing how PILs are used for modern governance issues.

Conclusion

Vishal Tiwari v. Union of India is an important judgment that has strengthened the independence of SEBI and clarified the limits of judicial intervention in regulatory matters. The Supreme Court reaffirmed that expert regulatory bodies should be trusted to perform their duties unless there is clear evidence of failure.

For CLAT PG aspirants, this judgment helps sharpen understanding about judicial review, regulatory autonomy, the role of SEBI, and how constitutional remedies can be used in diverse contexts. Studying such judgments builds not just knowledge but also legal reasoning skills that are essential for the exam.