

CORPORATE OWNERSHIP STRUCTURE VIS-A-VIS DISCLOSURE: AN INDIAN PERSPECTIVE

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ABSTRACT

Corporate disclosure stands as an essential facet of corporate governance. In today's globalized world, the corporate organizational structure and their operations are moving towards complexities. Thus corporate disclosure has also taken on a new connotation of comprehensive and reliable disclosures instead of the mere release of redundant information. Adequate and timely information is a global concern to ensure corporate accountability. In spite of several regulatory efforts to converge reporting standards, the extent of corporate disclosure varies across corporations. Corporations' disclosure practice grown endogenously, and variations of disclosure practices can be due to change in incentives of disclosure. Pieces of literature on corporate disclosures practices have documented that corporate ownership structure influences disclosure practices.

The present research analytically reviewed the development of corporate ownership and disclosure standards in India. The research empirically examines the impact of corporate ownership on corporate disclosure in Indian perspective. It was found that the development of India's corporate ownership structure featured the molding effect of government's economic priorities and policies. The review of the trajectory of corporate disclosure standards in India, established that concentrated ownership structure is the reason for lack of standardization in corporate governance disclosure. The analysis of historical data contradicts the existing theoretical notion that promoter ownership is negatively correlated with the level of disclosure in developed markets. The negative correlation between institutional investors, non-institutional investors; and level of disclosure implicates an absence of markets in India to push for compliance with voluntary disclosure norms. From these findings, the research further suggested reforms in existing legal framework in a mandatory approach.

Keywords- Dispersed, Concentrated, Institutional, Non-Institutional, Ownership, Governance, Disclosure, Executive, Succession, Risk, Creditors, Shareholders, Credit Rating