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ABSTRACT

THE ROLE OF CORPORATE DISCLOSURE IN STRENGTHENING CORPORATE GOVERNANCE AND INVESTOR PROTECTION: A COMPARATIVE STUDY OF INDIA AND USA.

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"*If a country does not have a reputation for strong corporate governance practices, capital will flow elsewhere. If investors are not confident with the level of disclosure, capital will flow elsewhere. All enterprises in that country-regardless of how steadfast a particular company's practices may be suffer the consequences*"

Arthur Levitt[1]

Corporate disclosure, in simple terms, is the act of releasing all the relevant information, good or bad, pertaining to a company that may influence an investment decision. It helps in reducing the information asymmetry between investors and management. Lately, the concept of corporate disclosure has gained utmost importance due to rapid industrialization and globalization. And in this era of globalisation, it is regarded as a crucial issue of organizations irrespective of size, sector and business goal. Over the years, numerous reforms have emerged in corporate disclosure practices in order to safeguard the interests of stakeholders and as such the mechanism of corporate disclosure has evolved gradually. Corporate Governance, on the other hand is the system by which the corporation is governed. It aims at protecting the interest of the stakeholders which can be achieved through effective Corporate reporting practices. The present study, against this backdrop, is aimed at analysing the practices of Corporate disclosures and Corporate Governance in India and comparing it with that of the US.

[1] Remarks at a conference sponsored by the Federal Reserve Bank of New York, December 2000.