

Abstract of Doctoral Dissertation

Corporate Disclosure by Indian Companies¹

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I. Introduction

CORPORATE DISCLOSURE IS of great significance in the accomplishment of financial accounting objectives and in contributing to the efficient allocation of resources through sound economic decisions. It aims to communicate financial and non-financial information about a business enterprise to various interested groups for decision making. As business enterprises have multiplied in number and size, the supply of the capital and related risk taking have increased correspondingly. This has created a considerable public interest in business activity, which caused business enterprises to accept social as well as economic, financial and legal responsibilities. Corporate disclosure is a process through which business enterprises communicate with external parties. It is the movement of information from the private domain (of management) into the public domain (AAA, 1997). With improved corporate disclosure practices, the investors' interest is protected against securities fraud and his confidence in the securities market is developed and maintained (Singhvi, 1967; Meek, Roberts & Gray, 1975). This in turn, eases the problem of raising long term capital funds through the securities market (Lal, 2005). In the long run, adequate disclosure is expected to enhance the market price of a company's share in the investment market, which in turn will have a favourable impact on the company's cost of capital (Lal, 1985; Foster, 2002). Further, increased disclosure would prevent fraud and manipulations and would minimise chances of their occurrences and all investors would be treated equally as far as the availability of significant financial information is concerned.

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