



LEGAL FRAMEWORK OF E-CORPORATE REPORTING DISCLOSURES OF INDIA & U.S.A- THEORETICAL FRAMEWORK

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Abstract

Consistent with an innovation of the Internet, the purpose of this paper is to discover the lawful status of electronic declaration of corporate reporting in India and U.S.A. The researcher will study and compare the legal framework regarding the disclosures of placing the money related and non-monetary data over websites in both the countries by using systematic review from legitimate sources. The results from India shows the conjunction of National Accounting Standards with the International Financial Reporting Standards which has caused a division in higher disclosure by Indian companies with more regulation of reporting, whereas in terms of U.S. SEC, it perceived the crucial part of the Internet and electronic correspondences in developing the disclosure framework under the government securities laws and in advancing straightforwardness, liquidity and effectiveness in our exchanging markets, and the key advantages of the web is that companies can make data available to investors rapidly and in a concrete way.

Keywords: Electronic Reporting, International Financial Reporting Standards, Securities and Exchange Commission (SEC), Corporate Governance, Determinants.



Introduction

The purpose of the research paper is to discover the lawful status of electronic declaration of corporate reporting in India and U.S.A. Three decades sooner, nobody even possessed a PC. Today, it appears to be about everybody is looking at a gleaming, handheld PC. Instinctively, it feels like innovation is advancing quicker than at any other time. Electronic based reporting has been characterized as the appropriation of corporate money related and execution data utilizing Internet advancements, for example, the World Wide Web. Most organizations now keep up a website on the Internet and, while Internet innovation can be utilized to just disperse the customary printed report electronically, it likewise offers the potential for radical change in the substance, arrangement, and recurrence of corporate reports. Internet financial report (IFR) enables firms to convey data to its current partners as well as its potential investors. Financial statements have been made on paper for many years. The development of the web has seen an ever increasing number of money related proclamations made in an electronic frame which is interchangeable over the web. The improvement of another dialect, XBRL (Extensible Business Reporting Language)- the business announcing expansion of the brilliant information standard, and EDGAR (The Electronic Data Gathering, Analysis, and Retrieval) framework performs mechanized accumulation, approval, ordering, acknowledgment, and sending of entries by organizations and other people who are required by law to record shapes with the U.S. Securities and Exchange Commission. The research studies like **Harmandeep & Arwinder Singh** (2015), **Meenakshi Chawla & Pramod Kumar** (2014), **Pooja Malhotra & Ritika Makkar** (2012), **Anita Shukla & Mouni Geoffrey** (2010), and **Divya Verma & Dr. M.C Garg** (2010) have shown the companies in India are utilizing the websites in disseminating the few attributes of disclosure which has been declared mandatory as per Companies Act



1956 and SEBI guidelines. The database is unreservedly accessible to the general population through the Internet (HTTPS) and is probably going to in a general sense change how business give data to investors, markets and controllers and how every one of these partners bunches settle on more educated choices. Obviously, the Internet has altered how we communicate - and this is especially true in the business condition. Running with this disturbance has been a creating enthusiasm for associations to uncover more material information to a perpetually broad social affair of accomplices, on a more ceaseless and ideal preface. The scattering of money related data by means of the web has no hard or quick principles or rules, which makes an extensive scope of reporting practices crosswise over firms. Web Financial Reporting, makes investors mindful about the organization around the world, and is assuming an important part in the market in the current situation (Abdelsalam and Street, 2007; and Al Arussi et al., 2009).

LEGAL FRAMEWORK: CURRENT SCENERIO

INDIA: -

Electronic Financial Reporting regulation in India has been briefly presented under: -

- a) Companies Act, 2013
- b) SEBI Regulations, 2015
- c) Ministry of Corporate Affair- Gazette of India.

I. COMPANIES ACT, 2013

Companies Act, 2013 is an act to consolidate and amend the law relating to companies. There are few disclosures regarding the electronic reporting of corporate information. According to the SEC 124 (2), Organizations might inside the time of 90 days unveil on its site, the announcement containing the subtle elements of an individual with respect to the unpaid dividend and furthermore put on the Central



Government site for the authorization. U/S 135, the Corporate Social Responsibility Policy and its substance must be set on the organization's site. U/S 136(1), a listed companies financial statements including consolidated financial statements on its site, to be kept up by or for the benefit of the organization. U/S 177, prescribed companies might set up a vigil instrument for executives and workers to report authentic concerns and the points of interest of foundation of such vigil component should be revealed by the organization on its website. The organization might inside 30 days from the date of receipt of notice of resignation from an executive cozy the recorder in shape DIR-12 and post the data on its site. Every company inviting deposits from the public shall upload a copy of the circular on its website.

II. SECURITIES AND EXCHANGE BOARD OF INDIA REGULATIONS, 2015

The SEBI is the administrative expert in India built up under Section 3 of the SEBI Act, 1992. The SEBI forces various revelations under various Clauses that incorporate (a) dispatch of a duplicate of the total and full annual report to the shareholders (Clause 32), (b) exposure of material advancements and price sensitive information (Clause 36), (c) disclosure of interim unaudited financial result (Clause 41), (d) corporate governance report (Clause 49), (e) disclosure of listing agreement (Clause 49), which requires compulsory disclosure of composition of board, code of conduct, audit committee, related party disclosure, remuneration of directors, shareholder details, and compliance report on corporate governance, and (f) compliance with Accounting Standards issued by the ICAI (Clause 50). The listed entity shall submit such information and documents, which are required to be disseminated on the listed entity's website in terms of Securities and Exchange Board of India (Mutual Funds) Regulations, 1996. The listed entities other than top five hundred listed entities based on market



capitalization may disclose their dividend distribution policies on a voluntary basis in their annual reports and on their websites.

The recorded element should keep up a useful site containing the essential data about the recorded substance like: -

- 1) Details of its business.
- 2) Details of establishment of vigil mechanism/ Whistle Blower policy.
- 3) Criteria of making payments to non-executive directors, if the same has not been disclosed in annual report
- 4) The email address for grievance redressal and other relevant details.
- 5) Contact information of the assigned authorities of the recorded element who are in charge of helping and dealing with financial specialist grievances.
- 6) Financial information including complete copy of the annual report including balance sheet, profit and loss account, directors report etc.

The listed entity should guarantee that the contents of the website are right & the listed entity shall update any change in the content of its website within two working days from the date of such modification in content.

Ministry of Corporate Affair- Gazette of India

MCA coordinates corporate endeavors in India through the Companies Act, 1956, 2013 and other related Acts, Bills and Rules. The rules of MCA portrays that each organization shall place a duplicate of the annual return on the site of the organization, assuming any, and the web-connection of such annual return should be uncovered in the Board's report. The arrangements in the organizations must be put on the site of the organization, assuming any and the striking highlights of the strategy and changes in that, assuming any, alongside the web address of the policy, assuming any, should be revealed in the Board's report. Each listed organization having reinforcement should put



audited accounts in respect of each one of auxiliary on its site. Where foreign subsidiary is statutorily required to prepare consolidated financial clarification under any law of the country of its joining, the need of this course of action may be met if hardened cash related announcement of such remote helper is determined to the site of the recorded substance where such fiscal declaration is in a tongue other than English, a decoded duplicate of the monetary proclamation in English should likewise be put on the site.

U.S.A: -

U.S SECURITIES AND EXCHANGE COMMISSION (SEC) is administrative body which ensures speculators, looks after reasonable, precise, and proficient markets, and formulates capital formulation. The SEC requires that all publicly traded companies get ready and issue two annual reports: one for the SEC itself and one for the organization's investors. These reports come in the form of 10-K. Information recovered from February 2008 Progress Report, the Centralized Advisory Committee on upgrades to Financial Reporting recommended that they give all the more heading concerning how affiliations can utilize their sites to offer data to speculators in passive consent with the government securities laws. SEC guidelines focus principally on: -

1. The information posted on a company web site is "public" for purposes of the applicability of Regulation FD.
2. Its organization's risk for data on its website - including already posted data, hyperlinks to outsider data, outline data and the substance of intuitive sites.
3. All organizations must make their Commission filings electronically through the Electronic Data Gathering, Analysis and Retrieval ("EDGAR") framework and give free access to EDGAR consistently through our Internet site, www.sec.gov.



4. The arrangement of data introduced on an organization site, with the attention on intelligibility, not printability.
5. Under the intermediary rules, detailing organizations are required to post their intermediary materials, including their yearly reports, on their organization sites.
6. Companies unveil their site addresses in yearly reports on Form 10-K and state whether their Exchange Act reports are accessible on their sites.
7. The yearly provide details regarding Form 10-K, which must be recorded with the SEC, may contain more unequivocal information about the association's budgetary condition than the yearly report and will incorporate the yearly money related explanations of the organization.

As the years progressed, they have found a way to empower the spread of data electronically by means of the Internet, as they trust that across the board access to organization data is a key segment of their incorporated exposure conspires, the proficient working of the markets and investor protection. Today, all associations must make their Commission filings electronically through our Electronic Data Gathering, Analysis and Retrieval ("EDGAR") structure, and they give free access to EDGAR reliably through Internet webpage, www.sec.gov.

FINDINGS

In terms of India the significance of corporate information as a 'public good,' the accounting standard setting bodies all over the world under the aegis of International Accounting Standards Boards (IASB) have agreed to dispense with national accounting standards and converge with International Financial Reporting Standards (IFRS). This has caused a spur in higher disclosure by Indian companies with more regulation of reporting.



In terms of U.S. SEC perceived the key part of the Internet and electronic correspondences in modernizing the divulgence framework, under the government securities laws and in advancing transparency, liquidity and proficiency in our exchanging markets. Undoubtedly, one of the key favorable circumstances of the Internet is that associations can make information open to speculators quickly and in a monetarily canny manner. By 2011, the United States Securities and Exchange Commission (SEC) has ordered that every single open organization must report their earnings utilizing XBRL. SEC guidelines reveal the rules and interpretations that advance the utilization of sites for the most part work in two unique regards. Where divulgence of data is required under the Exchange Act, they enabled organizations to make such data accessible to speculators on their sites with their sites serving, dependent upon the circumstance, as a supplement to EDGAR, as another choice to EDGAR, or as a stay lone procedure for offering information to budgetary authorities free of EDGAR. At the point when an organization site fills in as a supplement to EDGAR, organization data is accessible both on EDGAR and on the organization's website.

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