An Empirical Study on the Corporate Governance and Timeliness of Financial Reporting by Indian Public Sector Companies

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ABSTRACT

When the global economic crisis affected many countries around continents, Indian economy posed a strong resilience to its effect. This is due to the reason that most of the big banks operating in India are public sector band and have strong regulatory setup and are backed by guidelines of RBI. Also the recovery happened in India in a stable and faster manner backed by the whole Indian economy. The Indian economy is projected to grow at 8.6% in 2010-11 though inflation remains a main concern. And the indicators are positive regarding the foreign reserves and foreign direct investments. But, it has to make some progress in transparency and governance issues. As Corporate governance became the subject of attention in recent times, its presence is like a backbone for any corporate that emphasizes its role for survival and sustainable growth in the long run. It ensures transparency. Transparency includes the following eight concepts, namely accuracy, consistency, appropriateness, completeness, clarity, timeliness, convenience, and governance & enforcement. Out of these, ***Timeliness*** *of financial reporting is one of the attributes of good corporate governance identified by the OECD and World Bank. Shareholders and other stakeholders need information while it is fresh and with high relevance. This paper examines the timeliness of financial reporting by 58 Indian public sector companies which constitute the Public Sector Undertaking Index (PSU Index) of Bombay Stock Exchange and compares their reporting patterns for the financial years 2006-2010. Timeliness was measured by counting the number of days that lapsed between year-end and the date of the auditor's report of the concerned companies. The reliable data were drawn from the Prowess (a Centre for Monitoring Indian Economy [CMIE]database) and the Annual reports of the respective companies for the years 2006-2010. This study used Chi-square test and Anova to analyze the data. There is a significant difference among the Indian public sector companies in their reporting patterns.*

Keywords: Corporate Governance, Timeliness, Financial Reporting, Public Sector Companies

INTRODUCTION

India is now one of the fastest growing economies in the world. A recent report projects that it will grow at 8.6% in 2010-2011 although inflation remains a main concern. But it has to strengthen its stand by making some progress in governance issues. As Corporate governance has always attracted significant attention at all times, its presence is like a backbone for any corporate that emphasizes its role for survival and sustainable growth in the long run. In the present condition of globalization and liberalization, governance structures are constantly evolving, and driven by the local and the global factors. There is a debate on the issue of corporate governance, whether it should focus exclusively on protecting the interests of equity stakeholders or also focus on non-equity stakeholders. One attribute of good corporate governance for a company is maintaining transparent policies and reporting practices. In case of reporting, the foremost thing is to report the concerned information well in time, so that it may be used by investors, stakeholders, regulatory authorities, decision makers, managers, professional bodies, financial analysts, and academicians etc. As audited financial statements in the annual report act as a reliable source of information available to the market, its publication should be made in time.

A REVIEW OF LITERATURE

There are a number of studies in the area of corporate governance and timeliness of financial reporting. Chakrabarti et al. (2007) described the Indian corporate governance system and showed how the system has both supported and held back India's ascent to the top ranks of the world's economies. While on paper the country's legal system provides some of the best investor protection in the world, the reality is different with slow, over-burdened courts and widespread corruption. Jayantha (1997) felt that the problem in Indian corporate sector is that of disciplining the dominant shareholder and protecting the minority shareholders. Tarun et al. (2004) argued that the globalization of product and talent markets has affected corporate governance of firms in the Indian software industry. Bala et al. (2009) found a positive and statistically significant association between corporate governance and firm market value in India. Shyamala (2008) discussed how Reserve Bank of India's (RBI's) constant thrust and initiatives ensured a vibrant corporate governance framework in the Indian Banking industry. Charumathi (2008) developed criteria for evaluating the corporate governance standards and practices taking Securities and Exchange Board of India (SEBI) clause 49 as the base and found that the corporate governance status in the Indian Banking Industry is good.

Jesper et al. (2008) showed that mere voluntary disclosure of information does not improve the association between current returns and future earnings. Robert (2008) study related to Asian countries, found that India and Korea were the only countries that observed the guidelines for fair and timely dissemination of information. Robert et al. (2008) insisted on timeliness factor of financial reporting by using auditor's report in Russian banking system. Michael et al. (2009) paper documented different timeliness in disseminating sanction and enforcement information by two types of regulatory agencies in China and the different consequences that flow from them. Enrique et al. (2008) found the two factors characterizing the companies that present less audit delay are classified into sectors that are subject to regulatory pressure, such as the financial and energy sectors and the size of the company relative to its sector. Ray et al. (2007) analysed annual earnings observations from twenty-two countries supported the hypothesis that important properties of financial reporting originate in the reporting demands of debt markets, but not of equity markets. Gain and loss recognition timeliness, as well as overall reporting timeliness, are not associated with equity market size. In contrast, timely loss recognition, overall timeliness and conditional conservatism are associated with debt market size.

Charumathi et al. (2009) found that all the Indian banks, be they in the Bombay Stock Exchange (BSE) bankex or non-bankex category, have promptly complied with the Securities and Exchange Board of India (SEBI) guidelines of reporting before the stipulated time of 3 months. Charumathi et al. (2010) found that the Indian IT Companies in the IT Index of BSE, besides reporting timely, used both Indian and foreign audit firms and in case of accounting standards, few of them have shifted to IFRS. Charumathi et al. (2010) found that the BSE Sensex companies are not good in timely financial reporting.

STATEMENT OF THE PROBLEM

When the global economic crisis affected many countries around continents, Indian economy posed a strong resilience to its effect. This is due to the reason, that most of the big banks operating in India are public sector banks and have strong regulatory setup and are backed by guidelines of RBI. Also, the recovery happened in India in a stable and faster manner backed by the whole Indian economy. But, still it has to make some progress in transparency and governance issues. Secondly, though there are many studies available in the area of corporate governance in general and in particular to various sectors, none of them in India have dealt with the timeliness of financial reporting by the Indian Public Sector Companies. In the light of the above, the present study assesses the timeliness factor in financial reporting of companies which constitute the Public Sector Undertaking Index of Bombay Stock Exchange.

OBJECTIVES OF THE STUDY

1. To study the upsurge of corporate governance developments in India.
2. To substantiate the importance of timeliness factor, which is one of the attributes of corporate governance.
3. To analyse the compliance status of timeliness attribute in financial reporting by Indian Companies which constitute the Public Sector Undertaking Index (PSU Index) of Bombay Stock Exchange.
4. To compare the reporting pattern: company-wise, year-wise and sector-wise.

RESEARCH METHODOLOGY

This is an empirical study. It uses secondary data. The sample includes 58 companies which constitute the Public Sector Undertaking Index (PSU Index) of Bombay Stock Exchange (BSE). We neglected 2 companies which do not have data or annual reports for any of the single year. We classified these companies into 6 sectors based on the nature of their industry. In the process, 5 companies, which could not be classified were put in the miscellaneous sector. Table I shows the categorization of sectors and the number of companies in each sector. The secondary data required were taken from Prowess, the CMIE database and also

Table I – Sample PSUs with Sectoral Classification

Sl. No.	Sectors	Code	No of companies
1	Banking Companies	BK	23
2	Capital goods Companies	CG	8
3	Oil & Gas Companies	OG	8
4	Power Companies	PC	6
5	Minerals Companies	MC	8
6	Miscellaneous Companies	MS	5
	Total		58

from the annual reports of the respective companies. This study used Chi-square test and analysis of variance to analyze the data. SPSS 17.0 was used to analyse the data. Timeliness of financial reporting of selected companies was measured with reference to the time lag between the date on which the financial year ends and the date of auditor's report. The period of the study is 4 years, i.e. 2006-2010.

HYPOTHESES

The following are the hypotheses tested in this study:

H_0-1: There is no significant time lag in the financial reporting of Indian PSU Indexed companies.

H_0-2: There is no significant difference among the Indian PSUs in their financial reporting pattern.

H_0-3: There is no significant year-wise difference among the Indian PSUs in their financial reporting pattern.

H_0-4: There is no significant sector-wise difference among the Indian PSUs in their financial reporting pattern.

CORPORATE GOVERNANCE REGULATIONS IN INDIA

Corporate governance implies that the company would manage its affairs with diligence, transparency, responsibility and accountability, and would maximize shareholder wealth. Hence, it is required to design systems, processes, procedures, structures and take decisions to augment its financial performance and stakeholder value in the long run. Good corporate governance requires companies to adopt practices and policies which comprise performance accountability, effective management control system, fair representation of professionally qualified, non-executive and independent directors on the board, the adequate timely disclosure of information and the prompt discharge of statutory duties.

The concept of corporate governance emerged in the late 1980's when several companies collapsed in U.K. because of inadequacy of operating control. This led to the setting up of Cadbury committee on corporate governance in 1991 by the London Stock Exchange. The concern was not much on account of collapse of these companies but because these companies were perceived to be very stable companies in their financial statements. The report of the committee along with the code of best practices was published in December 1992 for compliance by all the listed companies.

India, after liberalizing its economy in 1991 started to look after its corporate laws and regulations, in order to raise the investors' sentiments and to enhance the shareholders' trust. Then, Government of India incorporated SEBI in 1992 to regulate securities markets. It introduced a new Clause 49 in the Listing Agreement in the year 2000, specifying the principles of corporate governance to be followed by the listed companies. Thereafter, SEBI incorporated various committees' (Birla Committee & Narayanamurthy Committee) recommendations in Clause 49 and revised it nine times within a period 2000-2008. The latest and revised Clause 49 of Listing Agreement was introduced on 8th April 2008. The statutory and non-mandatory requirements are stipulated by the revised clause 49 of the (SEBI) Listing Agreement and also by the provisions required by the Companies Act, 1956.

The other developments in Indian corporate law include the initiative by CII under the chairmanship of Rahul Bajaj which came out with the Corporate governance code in 1998; the Ganguly committee report in 2002; Naresh Chandra committee report on Corporate audit and governance in 2002; Irani committee report in 2004; and the latest being the Companies bill 2009 which supercedes the Companies act 1956, introduced by the Ministry of Corporate Affairs, which is waiting Parliament's approval.

FINANCIAL REPORTING REGULATIONS BY SEBI

The Securities and Exchange Board of India (SEBI) monitors and regulates corporate governance of listed companies in India through Clause 49. This clause is incorporated in the listing agreement of stock exchanges with companies and it is compulsory for them to comply with its provisions. In order to rationalize and modify the process and formats for submission of financial results to the stock exchanges and also with a view to simplifying the same, SEBI has decided to replace the existing Clause 41 of the Listing Agreement, relating to submission and disclosure of Interim and Annual financial results. Inter alia, the following amendments have also been made in the revised clause which is given below:

In respect of the last quarter, the company has an option either to submit unaudited financial results for the quarter within one month from the end of the financial year or to submit audited financial results for the entire financial year within three months of end of the financial year, subject to the following:

1) In case the company opts to submit unaudited financial results for the last quarter, it shall also submit audited financial results for the entire financial year, as soon as they are approved by the Board.

2) In case the company opts to submit audited financial results for the entire financial year, it shall intimate the stock exchange in writing within one month of end of the financial year, about such exercise of option. Also,
3) The company may at its option have a financial year commencing on a date other than the first day of April.
4) The company may at its option have quarters commencing on dates other than the first day of April, July, October and January of a financial year.

THE IMPORTANCE OF TIMELINESS FACTOR

The International Accounting Standards Board considers timeliness to be an essential aspect of financial reporting. In APB Statement No. 4, the Accounting Principles Board (APB 1970) in the USA listed timeliness as one of the qualitative objectives of financial reporting disclosure. APB Statement No. 4 was later superseded but the Financial Accounting Standards Board continued to recognize the importance of timeliness in its Concepts Statement No. 2 (1980). The U.S. Securities and Exchange Commission also recognizes the importance of timeliness and requires that listed companies file their annual 10-K reports by a certain deadline.

The Organisation for Economic Cooperation and Development (OECD 1999) code on corporate governance secured the interests of shareholders by giving them basic right to obtain relevant information from the corporations on timely and regular basis. In India, Confederation of Indian Industries (CII) Code of Corporate Governance 1998, clause 49 of listing agreement and Code of Conduct of Disclosure Policy 2002 framed by SEBI emphasized on timely and frequently updated disclosure of shareholders information through company's communication media. The Committee for Investor Education and Protection in India is of the view that proper and timely disclosures are central to safeguard investors' interests. There should be law to ensure a disclosure that compels companies to disclose material information on a continuous, timely and equitable basis. Information should be disclosed on a routine and periodic basis and price sensitive information should be disclosed on a continuous basis. Further, timeliness has been recognized to be a vital importance for the capital markets also. The investors need timely information for reducing the asymmetric dissemination of financial information and for the growth of investing community as a whole. Undue delay in releasing financial statements results in greater market inefficiency, which reduces the relevance of the documents and their information content and increases uncertainty associated with investment decisions. A lot of scandals in various capital markets of the world occur when investors do not have access to timely information. Thus, timely release of information is an essential ingredient for a well-functioning capital market. It helps in attracting capital and maintaining investor's confidence in the capital market. It reduces the level of insider trading, leakages and rumours in the market. That is why most of the stock exchanges of the world, including London Stock Exchange, New York Stock Exchange and Dow Jones, demand a prompt release of audited financial reports from their listed companies.

RESULTS AND DISCUSSIONS

Table II – Timeliness Data of Indian Companies Included in PSU Index of BSE

Sl.No	Name of the company	Sector	2006-07	2007-08	2008-09	2009-10
			Number of days taken after year end			
1	Allahabad Bank	BK	34	73	33	29
2	Andhra Bank	BK	29	24	37	28
3	B E M L Ltd.	CG	**102**	**154**	86	57
4	Balmer Lawrie	CG	74	**146**	75	NA
5	Bank of Baroda	BK	60	80	26	54
6	Bank of India	BK	22	29	28	55
7	Bank of Maharashtra	BK	29	29	43	29
8	Bharat Electronics Ltd.	CG	87	87	84	**120**
9	Bharat Heavy Electricals Ltd.	CG	54	52	56	55
10	Bharat Petroleum Corpn. Ltd.	OG	53	77	58	56
11	Canara Bank	BK	31	25	28	27
12	Central Bank of India	BK	22	23	27	51
13	Chennai Petroleum	OG	40	44	**110**	47
14	Coal India Ltd.	PC	NA	NA	NA	51
15	Container Corpn of India Ltd.	MS	74	72	**107**	**109**
16	Corporation Bank	BK	27	25	23	22
17	Dena Bank	BK	24	29	NA	NA
18	Dredging Corpn of India Ltd.	CG	89	80	**121**	56
19	Engineers India Ltd.	CG	59	63	**125**	56
20	G A I L (India) Ltd.	OG	37	41	72	46
21	Gujarat Mineral Devp Corpn Ltd.	MC	**97**	71	**127**	55
22	H M T Ltd.	CG	83	81	**157**	88
23	Hindustan Copper Ltd.	MC	**118**	87	**148**	43
24	Hindustan Petroleum Corpn Ltd.	OG	58	58	**92**	55
25	I D B I Bank Ltd.	BK	19	25	23	29
26	Indian Bank	BK	22	22	26	23
27	Indian Oil Corpn. Ltd.	OG	57	57	58	57
28	Indian Overseas Bank	BK	22	27	33	28

29	Jammu & Kashmir Bank Ltd.	**BK**	36	60	**145**	44
30	M M T C Ltd.	**MC**	**95**	90	**128**	NA
31	M O I L Ltd.	**MC**	58	71	56	50
32	M TNL	**MS**	**107**	**121**	**122**	**173**
33	Mangalore Refinery & Petro Ltd.	**OG**	40	36	56	41
34	N H P C Ltd.	**PC**	NA	NA	55	48
35	N M D C Ltd.	**MC**	59	45	58	51
36	N T P C Ltd.	**PC**	59	58	**122**	46
37	National Aluminium Co. Ltd.	**MC**	86	**141**	65	**127**
38	National Fertilizers Ltd.	**MS**	87	58	58	56
39	Neyveli Lignite Corpn. Ltd.	**MC**	61	**117**	80	56
40	Oil & Natural Gas Corpn. Ltd.	**OG**	85	85	84	57
41	Oil India Ltd.	**OG**	60	69	58	55
42	Oriental Bank of Commerce	**BK**	57	22	26	NA
43	Power Finance Corpn. Ltd.	**PC**	75	39	75	78
44	Power Grid Corpn of India.	**PC**	45	**127**	76	54
45	Punjab National Bank	**BK**	52	44	49	35
46	Rashtriya Chemicals & Fertilizer.	**MS**	36	41	76	35
47	Rural Electrification Corpn. Ltd.	**PC**	NA	55	NA	51
48	Shipping Corpn of India Ltd.	**MS**	75	**149**	75	58
49	State Bank Of Bikaner & Jaipur	**BK**	24	20	22	21
50	State Bank Of India	**BK**	41	31	38	43
51	State Bank Of Mysore	**BK**	26	22	20	19
52	State Bank Of Travancore	**BK**	24	21	22	22
53	State Trading Corpn. of India	**CG**	**129**	90	**118**	NA
54	Steel Authority of India Ltd.	**MC**	50	**121**	57	57
55	Syndicate Bank	**BK**	37	43	27	NA
56	Uco Bank	**BK**	29	34	37	NA
57	Union Bank Of India	**BK**	36	36	36	35
58	Vijaya Bank	**BK**	29	25	27	NA
	Chi-Square		**16.909**	**15.036**	**18.182**	**23.440**
	Degrees of freedom		**34**	**38**	**34**	**26**
	Asymp.sig		**.994**	**1.000**	**.988**	**.608**
	Minimum		19.00	20.00	20.00	19.00
	Maximum		129.00	154.00	157.00	173.00
	Mean		54.9273	61.6429	66.7455	52.7600
	Mean days excluding the Non-compliance Companies		48.42	49.50	48.72	45.84
	Std Deviation		27.7721	37.1137	38.3455	28.4788
	Total No. of Companies		**55**	**56**	**55**	**50**

Source: CMIE database Prowess and Annual reports of respective companies. NA - Not Available.
Note: Results computed by using SPSS 17.0.

Table II shows the timeliness data, viz., mean, standard deviation and range in number of days of 58 PSUs for the years 2006-2010. In 2006-07, in view of the norm of 90 days, 6 Companies (viz., BEML Ltd, Gujarat Mineral Devp Corpn Ltd, Hindustan Copper Ltd, MMTC Ltd, MTNL, & State Trading Corpn. of India) did not comply with the requirement. In 2007-08, 8 Companies (viz., BEML Ltd, Balmer Lawrie, MTNL, National Aluminium Co. Ltd, NLC, Power Grid Corpn of India, Shipping Corpn of India and SAIL) and in 2008-09 13 Companies, (viz., Chennai Petroleum, Container Corpn of India Ltd, Dredging Corpn of India Ltd, Engineers India Ltd., HMT Ltd, Gujarat Mineral Devp Corpn Ltd, Hindustan Copper Ltd, HPCL, J&K bank, MMTC, MTNL, NTPC and State Trading Corpn. of India); in 2009-10, 4 Companies (viz., Bharat Electronics Ltd, Container Corpn of India Ltd, National Aluminium Co. Ltd and MTNL) failed to disclose the annual reports on time.

Table II also shows the lapsed days between the financial year end and the date of auditor's report. The companies which disclosed their audited annual reports at the earliest after the year end but before 90 days include the following: in 2006-07, **IDBI bank** reported after 19 days; in 2007-08, **State Bank of Bikaner & Jaipur** reported after 20 days; in 2008-09, **State Bank of Mysore** reported after 20 days; and in 2009-10, **State Bank of Mysore** reported after 19 days. The average number of days taken by the Indian public sector companies which complied with SEBI norm is 48 days in 2006-07, 49 days in 2007-08, 49 days in 2008-09 and 46 days in 2009-10.

Chi-Square Test is applied to test time lag in the financial reporting of PSUs by comparing the number of days taken by each company with its benchmark days. The mean number of days of reporting in each year is considered as benchmark days. Applying Chi-Square Test, the *Null Hypothesis* (H_0-1) *is accepted* at 10% level of significance. Thus, ***there is no significant time lag in the financial reporting of Indian Public Sector Companies.***

Table III -Financial Reporting Pattern by Indian PSU Indexed Companies

Reporting in days	**Number of Companies (%)**				**Compliance Status**
	2006-07	**2007-08**	**2008-09**	**2009-10**	
< 30	14(25.45)	15(26.79)	13(23.63)	11(22.00)	
31-60	24(43.64)	18(32.14)	18(32.73)	33(66.00)	
61-90	11(20.00)	15(26.79)	11(20.00)	2(4.00)	**Complied**
Total	49(89.09)	48(85.72)	42(76.37)	46(92.00)	
> 90	6(10.91)	8(14.28)	13(23.63)	4(8.00)	**Not complied**
Total (%)	**55(100)**	**56(100)**	**55(100)**	**50(100)**	

Note: Results computed by using SPSS 17.0, Figures in parentheses are percentages

Table III portrays the financial reporting patterns (in number of days) of Indian Public sector companies. The number of companies which reported in less than 30 days' limit slightly increased from 25.45% in 2006-07 to 26.79% in 2007-08 and then decreased in subsequent 2 years during 2008-2010. The number of companies which reported between 31-60 days limit decreased from 43.64% in 2006-07 to 32% in subsequent 2 years during 2007-09 and then increased to 66% in 2009-10. The number of companies which reported between 61-90 days limit increased from 20% in 2006-07 to 26.79% in 2007-08 and then it decreased in subsequent 2 years during 2008-10. The number of companies which report after 90 days limit gradually increased in first 3 years during 2006-09 and then it decreased to 8% in 2009-10.

It is concluded that the number of companies complying before the stipulated norm has decreased from 2006-07 to 2008-09, but it has increased in 2009-10. Further, the number of companies not complying with the norms has increased from 2006-07 to 2008-09, but it has reduced during 2009-10. This may be due to the corporate governance standards imposed for listed companies. It is also interesting to note that out of the companies which complied with the norms in 2009-10, majority have complied before 60 days.

Table IV – Analysis of Variance (Company-wise)

Sector	Sources of variation	Sum of Squares	df	Mean Square	F	Sig.
BK	Between companies	11848.254	22	538.557	2.585	.002
	Within companies	13126.083	63	208.351		
	Total	24974.337	85			
CG	Between companies	8731.133	7	1247.305	1.406	.252
	Within companies	19514.333	22	887.015		
	Total	28245.467	29			
OG	Between companies	3020.469	7	431.496	1.653	.169
	Within companies	6264.750	24	261.031		
	Total	9285.219	31			
PC	Between companies	1453.235	5	290.647	.370	.859
	Within companies	8649.000	11	786.273		
	Total	10102.235	16			
MC	Between companies	10814.011	7	1544.859	1.812	.133
	Within companies	19607.667	23	852.507		
	Total	30421.677	30			
MS	Between companies	15975.700	4	3993.925	5.702	.005
	Within companies	10507.250	15	700.483		
	Total	26482.950	19			
PSU	Between companies	165424.231	57	2902.179	5.904	.000
	Within companies	77669.083	158	491.576		
	Total	243093.315	215			

Note: Results computed by using SPSS 17.0

Table IV gives company-wise results based on ANOVA test. As the p-values for Capital goods, Oil & Gas, Power and Minerals companies are greater than 0.05, the null hypothesis (H_0-2) is accepted. Thus, there is no significant difference in the financial reporting pattern of Indian PSUs in the sectors such as Capital Goods, Oil & Gas, Power and Minerals. As the p-values for Banking and Miscellaneous sectors are less than 0.05, the null hypothesis, (H_0-2) is rejected. Hence, there is a significant difference in the financial reporting pattern of Indian public sector banks and PSUs in the miscellaneous categories. As the p-value for all the PSUs is less than 0.05, the null hypothesis (H_0-2) is rejected. Thus, *there is a significant difference among Indian public sector companies in their financial reporting pattern.*

Table V – Analysis of Variance (Year-wise)

Sector	Sources of variation	Sum of squares	df	Mean square	F	Sig.
BK	Between years	137.017	3	45.672	.151	.929
	Within years	24837.320	82	302.894		
	Total	24974.337	85			
CG	Between years	3603.217	3	1201.072	1.267	.306
	Within years	24642.250	26	947.779		
	Total	28245.467	29			
OG	Between years	2322.344	3	774.115	3.113	.042
	Within years	6962.875	28	248.674		
	Total	9285.219	31			
PC	Between years	1967.485	3	655.828	1.048	.404
	Within years	8134.750	13	625.750		
	Total	10102.235	16			
MC	Between years	4164.499	3	1388.166	1.427	.256
	Within years	26257.179	27	972.488		
	Total	30421.677	30			
MS	Between years	509.350	3	169.783	.105	.956
	Within years	25973.600	16	1623.350		
	Total	26482.950	19			
PSU	Between years	6543.192	3	2181.064	1.955	.122
	Within years	236550.123	212	1115.802		
	Total	243093.315	215			

Note: Results computed by using SPSS 17.0.

Table V gives year-wise results based on ANOVA test. As the p-values for all the companies are greater than 0.05, the null hypothesis (**H_0-3**) is accepted. Thus, *there is no significant year-wise difference among the Indian public sector companies in their financial reporting pattern.*

Table VI – Analysis of Variance (Sector-wise)

Sources of variation	Sum of Squares	df	Mean Square	F	Sig.
Between sectors	113581.429	5	22716.286	36.834	.000
Within sectors	129511.885	210	616.723		
Total	243093.315	215			

Table VI gives sector-wise results based on ANOVA test. As the p-value is less than 0.05, the null hypothesis (H_{04}) is rejected. Thus, *there is significant sector-wise difference among the Indian PSUs in their financial reporting pattern.*

FINDINGS OF THE STUDY

1. The shortest time taken by PSUs is 19 days and the longest is 173 days.
2. Only 6 PSUs (all are Banks) have reported in less than 30 days limit during the study period.
3. There is no significant time lag in the financial reporting of Indian PSU indexed companies.
4. There is a significant difference among Banking PSUs and all the other PSUs in their financial reporting pattern.
5. There is a no significant difference in the financial reporting pattern among the PSUs in the Capital Goods, Oil and Gas, Power and Minerals sectors.
6. There is no significant year-wise difference among the Indian PSU indexed companies in their financial reporting pattern.
7. There is significant sector-wise difference among the Indian PSU Indexed companies in their financial reporting pattern.
8. Out of the companies which comply with the norms in 2009-10, majority have complied before 60 days.
9. The number of companies complying before the stipulated norm decreased from 2006-07 to 2008-09, but it increased in 2009-10.
10. The number of companies not complying with the norms increased from 2006-07 to 2008-09, but declined during 2009-10. This may be due to the corporate governance standards imposed for listed companies.

11. As the companies which report after 90 days limit (Non-Compliance) happen to appear in all the years during the study period, it is concluded that Indian PSU indexed companies should improve their timeliness of financial reporting.

SUGGESTIONS

1. Stock Exchanges, as per the directions of SEBI, should take severe action against the companies which do not comply with the norms, like removing them from the list immediately because, they are not fulfilling the required conditions.
2. As of now, penalties are not levied (though mentioned in the SEBI's Listing Agreement without details) for this kind of non-compliance. As a consequence, the stakeholders will be adversely affected by not getting information on time. In India, PSUs are disinvested and public are also holding the shares. Hence, penalties may be pronounced categorically to arrest the behaviour of the companies which are not serious in their timeliness of reporting.

CONCLUSION

This paper examined the timeliness of financial reporting by 58 Indian public sector companies which constitute the Public Sector Undertaking Index (PSU Index) of Bombay Stock Exchange and compared their reporting patterns for the financial years 2006-2010. It is found that there is a significant difference among the PSUs in their financial reporting pattern. There is also significant sector-wise difference among the Indian PSUs in their financial reporting pattern. As the PSUs which report after 90 days limit (Non-Compliance) appear in all the years during the study period, it is suggested that timely publication of financial results and following the best practices in corporate governance issues alone can help the PSUs to improve themselves and thereby, assist the country's growth than ever before.

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