

A comparative analysis of shareholder inspection rights in India and the U.S.

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Structure of discussion

- ▶ Quick summary of the paper
- ▶ Motivation
- ▶ Focus on typology
- ▶ Empirical strategy
- ▶ Some observations on findings
- ▶ Conclusion and takeaways

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Quick comparative view of shareholder inspection rights

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Low trigger threshold	
- Statutory registers	
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People will care about this in dispute situations.

Typology

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1. Financial statements: balance sheet, P&L account, auditors reports.
2. Governance: board minutes, communication between board and key management, contracts of key managerial personnel, minutes of audit committee meetings, related party transactions.
3. Operations: communication by key management personnel, business plans.

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 - ▶ Self-selection bias.
3. Surveys:
 - ▶ Firm-level
 - ▶ Shareholder-level

Some observations

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	India	U.S.
Publicly accessible	All statutory registers and filings	??
Accessible on court approval	??	Documents required for the proper purpose. - Documents must be identified with rifle precision.

Some observations (contd.)

Co-ordinated action and private enforcement

Proposition: high co-ordination costs and inefficiency of civil litigation responsible for public enforcement of shareholder rights.

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Co-ordinated action and private enforcement

Proposition: high co-ordination costs and inefficiency of civil litigation responsible for public enforcement of shareholder rights.

- ▶ Dispersed v. concentrated shareholding: influence on costs of collective action.
- ▶ Delay in courts: section 220 cases in the U.S.

Minimum	0
Maximum	2,666
Mean	312
Median	193

Some observations (contd.)

U.S.: Linear progression from inspection to litigation

Is S. 220 an effective tool-at-hand?

Subsequent cases with known outcome	81
Plaintiffs win	42
Defendants win	23
Plaintiffs voluntarily dismiss	16

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Success rates of litigation:

- ▶ Class actions, derivative actions and individual actions
- ▶ Take into account time spent in litigation

Conclusion and takeaways

- ▶ New contribution to understanding shareholder rights under Indian company law.
- ▶ Comparative perspective reinforces the notion that Indian company law focuses on public law enforcement more than private law enforcement.