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CORPORATE GOVERNANCE PRACTICES IN COMMERCIAL BANKS: EVIDENCE FROM INDIA

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ABSTRACT

Corporate Governance addresses the issues facing Boards of Directors. In this view, the main responsibility of governing a company is upon the Board of Directors and, therefore, attention must be paid to their composition, roles and responsibilities. They have to perform crucial governance functions. The presence of independent Directors on the Board, capable of challenging the decisions of the management, is widely considered as a means of protecting the interests of shareholders and other stakeholders. In this paper, an attempt has been made to show the Corporate Governance Practices of Commercial banks in India which are classified into Public Sector Banks and Private Sector Banks. Private Sector banks are also classified into Old Private Sector Banks and New Private Sector Banks in the study. Corporate Governance Practices of banks are assessed with the help of four parameters namely, composition of Board members, number of Board meetings conducted in a year, Corporate Governance practices related to Independent Directors and appointment of Independent Directors. Moreover, the study empirically tests the difference in the Corporate Governance Practices between the Public Sector banks and Private Sectors banks; and, also between the Old Private Sector Banks and New Private Sector Banks in India.

KEYWORDS: Corporate Governance (C.G.), Board of Directors (BoDs), Board Composition, Board Meetings, Independent Directors, Public Sector Banks and Private Sector Banks