



CORPORATE GOVERNANCE PRACTICES IN THE SELECTED PRIVATE SECTORS BANKS IN INDIA”

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Abstract: Corporate Governance at moment the conception of Corporate Governance has taken a new dimension due to globalization and liberalization. With the opening up of frugality and to be in line with WTO conditions, if the Indian corporate has to survive and succeed amidst adding competition encyclopedically, it can only be through translucency in operations. Excellence in terms of client satisfaction, return, product and service, return to promoters and social liabilities towards society and people cannot be achieved without rehearsing good commercial governance. The main objective of Corporate Governance is to enhance the long-term shareholder value while guarding the interests of other stakeholders, maximizing long-term shareholder value legally and ethically, ensuring fairness, courtesy and quality in all deals within and outside the bank with guests, workers, investors, partners, competitors, the government and the society. The system of corporate governance is important for banks in India because the majority of the banks is in the public sector, where they aren't only competing with one another but with other players in the banking system as well as in the financial services system including Financial Institutions, collective finances and other financial intermediaries Further, with restrictive support available from the govt. for further capitalization of banks, numerous banks may have to go for public issues, leading to the transformation of power. This paper focuses on corporate governance in the banking sector and how they cleave to Corporate Governance practices. It further indicates the part and relationship of corporate governance with the Indian Banking Sector. Both private and public sector banks are clinging to obligatory conditions of corporate Governance attributes as a result it is bringing further transparency and minimizing the chances of fraud and malpractices.

I. INTRODUCTION

Corporate or a Corporation is deduced from the Latin term “corpus” which means a “body”. Governance means administering the processes and systems placed for satisfying stakeholder anticipation. When combined, Corporate Governance means a set of systems, procedures, programs, practices, and norms put in place by a corporate to insure that relationship with various stakeholders is maintained in a transparent and honest. The heart of commercial governance is transparency, exposure, responsibility and integrity. It's to be borne in mind that bare legislation doesn't insure good governance. Good governance flows from ethical business practices indeed when there's no legislation. There's no universal description of commercial governance. One of the good definition are given hereunder for better understating

“ Corporate governance deals with laws, procedures, practices and implicit rules that determine A Company's capability to take informed directorial opinions vis- à- vis its claimants- in particular, its shareholders, creditors, employees, the State and workers. There's a global agreement about the ideal of ‘good’ corporate governance: maximizing long-term shareholder value.”

II. OBJECTIVES AND METHODOLOGY

The idea of the research paper is to estimate the corporate governance practice in named private sector banks. For evaluation purposes, this this paper is divided into two corridors. Grounded on different rudiments of and with the help of secondary data, this work has analyzed and estimated the practice of corporate governance in private sector banks of India. In the first part, the generalities of commercial governance like an elaboration of corporate governance in the world and Indian script, role and significance of corporate governance in the banking sector has been discussed. The second part analyses the practice of corporate governance as determined by the State Bank of India with the help of elements like board practices, stakeholders and transparent exposure of information.

III. CORPORATE GOVERNANCE IN INDIAN BANKING SECTOR

Corporate governance practice is important for banks in India because the majority of the banks is in the public sector, where they aren't only contending with one another but with other players in the banking system. Further, with restrictive support available from the government for further capitalization of banks, numerous banks may have to go for public issues, leading to the metamorphosis of power. The banks form an integral part of the economy of the country and any failure in a bank might have a direct bearing on the fiscal health of the country. The Basel commission on banking administrative authorities was established by the Central Bank Governors of the G10 advanced countries in 1975. The Basel commission in the time 1999 brought out certain important principles on corporate governance for banking associations which, more or less have been adopted and implemented in India. The minimal impact of the recession on Indian economy was because of the strong and effective nature banking sector in India.

IV. NEED FOR CORPORATE GOVERNANCES IN BANKING

1. Since banks are important players in the Indian fiscal system, a special focus is on Corporate Governance in the banking sector become critical.
2. The Reserve Bank of India, as a controller, has the responsibility for the nature of Corporate Governance in the banking sector.
3. To the extent that banks have systemic counteraccusations, Corporate Governance in the banks is of critical significance.
4. Given the dominance of public ownership in the banking system in India, corporate practices in the banking sector would also set the norms for Corporate Governance in the private sector.

V. STATEMENT OF PROBLEM

Poor corporate governance can lead market to lose confidence in the capability of a bank to manage its assets and liabilities which may lead to bank failures. Effective corporate governance is essential in achieving and maintaining public trust and confidence in the banking system. Commercial governance is a wide topic. Rules and regulations change constantly. This exploration is done on the base of theoretical data, periodic reports and secondary data but in real situation banks truly follows corporate governance or not is veritably delicate to determine.

VI. SCOPE OF THE STUDY

The study of corporate governance practices followed by following private sector banks in India.

1. Housing development finance corporation (HDFC)
2. Industrial credit and investment corporation of India (ICICI)
3. AXIS Bank
4. Kotak Bank
5. YES Bank
 - Reserve Bank of India act 1934
 - Listing obligations and disclosure requirements by SEBI
 - Companies Act 2013

VII. DATA COLLECTION METHOD

The present study is grounded on secondary data analysis. This data has been collected from various sources i.e. Periodic reports of banks, Official websites of banks, RBI websites, and journal papers.

VIII. TOOLS USED FOR THE STUDY

The analysis of all five banks for the five times is made using the corporate governance exposure indicator. The presence or absence of mandatory, non-mandatory and other corporate governance is measured with the constructed Index.

IX. CONCLUSION

The banking sector plays a significant role in India to transform economy towards self-sufficiency hence the corporate governance of the banking sector is significantly important. There's a need for the development of a new policy frame on commercial governance as well as the proper implementation of existing laws, regulations and guidelines with the equal participation of all relevant stakeholders. Corporate governance has come a content of adding interest among the policy makers since it looks at the relationship between the board of directors, shareholders and management.

X. AREAS FOR FURTHER RESEARCH

The research contributes to the academic knowledge and also the professional fields which help the bank policymakers and regulators to take up the compliance of corporate governance as of serious concern.

There's a further scope by expanding the number of Banks and also increasing the content of the issues to explore the areas of corporate governance. The study can also be accepted by comparing the corporate governance in banks in other states too.

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