Corporate Governance Practices in Banking Sector: A Study of Selected Private Sector Banks and Public Sector Banks in India

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Abstract

Corporate Governance (CG) is the key of corporate excellence. It extends beyond good corporate performance and financial propriety. After experiencing a crucial phase of corporate crises during 1970-1990, including financil scam in developed countries (U.S.A. and U.K., etc.) and as a wake up response to major scandals and corporate failures, need to tighten surveillance over corporate framework and behaviour was realised. CG has also been under constant scrutiny as an issue that has gained widespread importance in Indian scenario. Its significance was realised after experiencing the Harshad Mehta stock scam in 1992, which led to various initiatives in the form of guidelines, in order to strengthen CG by ensuring transparency and responsible board structure. 'Desirable Code on Corporate Governance' initiated by CII in 1998 was one of the first initiative in this direction. Subsequently, scam in Satyam Software Services Ltd. during 2009 made a dent on prevailing statutory provisions of Companies Act, 1956 and led to fill gaps by strengthening existing Companies Act 1956. The Companies Act, 2013, has been introduced to ensure effective governance and respond promptly to the corporate misgovernance and scandals in Indian corporate sector.

In the light of new Company Act 2013, prime focus of present study is to analyse and compare the CG framework being practiced by selected banks. The present study is carried out on leading 8 Indian banks (4 public sector banks [PuSB] and 4 private sector banks [PvSB]), which are selected based on judgemental sampling, where the market capitalization and year of their inception is referred. Data is collected from the secondary sources of bank's latest annual report for 2015-16. Key parameters including composition, mandate and frequency of meetings of the Board, Risk Management Committee, Audit Committee, Stakeholder Grievance Committee, Remuneration Committee and CSR Committee, etc., is analysed. Research findings have shown that among the private sector banks (PvSB), ICICI Bank Ltd. (ICICI) has maintained higher amount of independence and transparency. On the other hand in case of public sector banks (PuSB), the State Bank of India (SBI) was found most proactive bank, while maintaining the highest amount of independence in terms of more active participation of Non-Executive Independent Directors in various committees of the Board.

Keywords: Corporate Governance, Board Structure, Companies Act, 2013

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Introduction

The growth of corporate sector and the dynamic economic development has introduced the concept of corporate governance (CG). CG is an essential part of day-to-day business life. Many developed countries have already been emphasizing on CG for the last few decades, while in India, Corporates have initiated the CG after 1990, specially when the Government of India introduced the major economic reforms and efficient governance structure required to compete with other market players and also to reduce risk component.

CG is being seen as an integral part of the company to achieve its corporate goals and to protect it from failure. The concept of CG is linked with the internal (company management, board structure) and external (shareholders and various other stakeholders) entities of the company. It helps in ensuring efficient internal controls, good management structure, appropriate performance measures and effective succession plans.

According to the Organisation for Economic Co-operation and Development (OECD) (1999) "Corporate governance is a set of relationships between a company's board, its shareholders and other stakeholders. It also provides the structure through which the objectives of the company are set, and the means of attaining those objectives, and monitoring performances are determined". This emphasizes the importance of CG not just for the company growth but also to maintain high quality relation between various role-playing bodies of the company.

Debates on effective CG are all time issue. Corporate misgovernance, collapses and frauds have left the serious concern for almost every corporate in the world, to establish a mechanism for safeguarding the business from any collapse or fraud in coming future. Worldwide experiences force strictly to adopt the principle and guidelines of CG as suggested from time-to-time, particularly in the era where reputed companies failed due to unhealthy business practices.

Companies like Enron, HIH, WorldCom, Parmalat, Global Crossing, Xerox, Tyco and Satyam are some of the examples, which were initially known for their good governance and had gained major share in the market. Later on, various misgovernance practices including, misappropriate accounting policies, misleading statements, unethical business practices, lack of transparency and disclosures caused heavy losses to the shareholders as well as other stakeholders. All such companies were exposed to probable threats, particularly when the principles of CG were not followed or lacunae in adopting all measures suggested by different regulatory bodies. As a result, economies interlinked to these corporate affairs have collapsed several times resulting heavy losses to shareholders and other stakeholders associated to these companies.

CG, being the key of corporate excellence and implication extending beyond good corporate performance and financial propriety. As a wake up response to major financial scam and corporate failures, need for tight surveillance over corporate framework and behaviour was realized after experiencing a crucial phase of corporate crises during 1970-1990, which include scam and scandals in developed countries like U.S.A., U.K. etc. Effort articulating standards for CG took its root in U.K. and U.S.A as early as in 90's and later to other countries as well. The Foreign Corrupt Practices Act, 1977 (USA), OECD Principles of Corporate Governance (1999 and 2004), Sarbanes-Oxley (SOX) Act, 2002 (USA) and UNCTAD Guidance on Good Practices in Corporate Governance Disclosure, 2008 (UK) are among some of the initial steps taken towards the CG.

CG has also been under constant scrutiny as an issue that has gained widespread importance in Indian scenario. Its significance was realised after experiencing the Harshad Mehta stock scam during 1992. Which led to various initiatives in the form of guidelines, in order to strengthen CG by ensuring transparency and responsible Board structure. 'Desirable Code on Corporate Governance' initiated by CII in 1998 was one of the first initiative in this direction. Subsequently, scam in Satyam Software Services Ltd. during 2009 made a dent on prevailing statutory provisions of Companies Act, 1956 and led to fill gaps by strengthening existing Companies Act 1956. The Companies Act, 2013, has been introduced to ensure effective governance and respond promptly to the corporate misgovernance and scandals in Indian corporate sector.

Literature Review

There have been several studies on corporate governance pertaining to the Indian market. Some of the recently completed important studies have been reviewed below.

Kathuria and Dash (1999) studied the association between board size and corporate financial performance and the results suggest that the size of the board plays an important role in influencing the financial performance. The analysis shows that the performance improves, when the board size increases, but the contribution of an additional board member decrease, when the size of the corporation increases. However, the result fails to indicate any significant role of directors' equity ownership in influencing the performance. **Kumar (2004)** examined empirically the effects of ownership structure on the firm performance for a panel of Indian corporate firms, from a CG perspective. He examined the effect of interactions between corporate, foreign, institutional, and directorial ownership on firm performance. He provided evidence that the shareholding by institutional investors and managers affect firm performance non-linearly, after controlling for observed firm characteristics and unobserved firm heterogeneity. Institutional investors monitor the firm once their stake is more than 14% in the firm, and directors have a positive effect on firm performance after 25% of the ownership in the firm. It was also found that the equity ownership by dominant group influences firm-performance, only in case of directorial ownership.

Dwivedi and Jain (2005) investigated the relationship between CG and firm performance. Governance parameters include board size, directors' shareholding, institutional and foreign shareholding, while the fragmentation in shareholding is captured by public shareholding. A simultaneous equation regression model for Tobin's Q, as a measure of firm performance, is attempted using these variables, while controlling for industry effects and other non-governance variables. The data corresponds to a panel of 340 large, listed Indian firms for the period 1997-2001 spread across 24 industry groups. Study concluded that foreign shareholding is contributing positively toward the shareholder value. The association of Indian institutional shareholders with firms' market performance was statistically insignificant. Directors' shareholding is found to have a significant negative impact on firm value. **Abdullah (2006)** examined the relationship among directors' remuneration, firm performance and CG in the Malaysian firms and the study showed that directors remuneration was not associated with the profitability, while the board independence and the extent of non-executive interests negatively influence the directors remuneration and also strong negative relationship was found between the return on assets and the directors remuneration.

Mohd. and Fatima (2009) studied the disclosure and transparency practices of National Mineral Development Corporation Ltd. (NMDC) in India. They examined the relationship between market valuation and operating performance with disclosure and transparency score of NMDC and determined the disclosure and transparency score. They concluded that there has been significant positive relationship between CG score and market valuation and operating performance of the firm. In another attempt by, **Adnan, Htay, Rashid, & Meera (2011)** investigated the impact of CG on efficiency of Malaysian listed banks, using a panel data analysis. In their study prime variables were board leadership structure, board composition, board size, director ownership, institutional ownership and block ownership. The findings of the study show that smaller board size and higher percentage of block ownership led to better efficiency of Malaysian banks. On the other hand, **Chugh, Meador, & Kumar (2011)** investigated the relationship between the financial performance and some characteristics of CG for Indian firms. They concluded that governance structure incorporating larger board size creates better opportunities and more resources, thus enhancing financial performance. They also opined that an excessively autonomous board (high proportion of independent directors) lowers performance.

Mang'unyi (2011) examined empirically the ownership structure, CG and its effects on performance of firms in Kenya with reference to banks. They recommended that corporate entities should promote CG to send a positive signal to potential investors and the banking regulator should continue enforcing and encouraging firms to adhere to good CG for efficiency and effectiveness. **Pandya (2011)** opines that there is a significant relationship between governance structures and firm performance. The author studies the effect of CG structures, particularly board independence and CEO duality, on the performance of selected Indian banks measured by ROA and ROE. **Stephen and Olatunji (2011)** studied the role of non-executive directors in the profitability and the study revealed that the non-executive directors and return on equity are negatively associated with each other. The findings show that more numbers of outside directors in board adversely impact the financial performance.

Al-Musalli and Ismail (2012) studied the determinants of intellectual capital performance of listed banks in Arab Gulf Cooperation Council (GCC) countries. They inspected the impact of various CG variables on intellectual capital performance and also examined the influence of CG variables (board size, number of independent directors, government ownership, family ownership, domestic strategic institutional ownership, and foreign strategic institutional ownership), bank specific characteristics (bank internationality, bank adherence to Islamic shariah principles, and bank riskiness), and banking industry characteristics (banking industry concentration and presence of foreign banks) on Intellectual Capital performance. It concluded by raising many questions pertaining to the optimal board size, the qualification, selection and appointment of Directors on boards and effect of government ownership in banks.

Emmanuel and Hodo (2012) analysed the CG impact on the bank performance by taking the sample of the Nigerian bank and found that the size of the board of directors and the number of the shareholders had positive impact on the return on equity and return on the assets. The study also showed that the quality of the assets, equity providers and managers also exert an influence on bank performance. **Mohammed (2012)** studied the impact of CG on the performance of banks in Nigeria and concluded that CG significantly contributes to positive performance in banking sector and that management independence is positively related to effective corporate performance. **Aggarwal (2013)** attempted to investigate the impact of CG on corporate financial performance in an Indian context, using a sample of 20 companies listed on S&P CNX Nifty 50 Index. Researcher performed various tests including regression, correlation, t-test and F-test, and found that governance ratings have positive and significant impact on corporate financial performance.

Gowd, Kiran & Rao (2013) attempted to study the CG practices of SBI and examine the relationship between market valuation and operating performance with CG score of SBI. The data analyzed using correlation analysis, multiple regression and t-test reveals that sales, market value, dividend policy, PAT (Profits) of SBI and its CGS are positively correlated. The Sales and CG of SBI have significant positive correlation. The impact of CG on market value, PAT and DPR is not statistically significant. Hence they concluded for SBI to enhance its sales revenue, profits after taxes and market capitalization and maintain optimum dividend policy for maximizing the corporate excellence, which ultimately enhance the CG.

Hussein and Venkatram (2013) analyzed the effect of CG variables namely Board size, Board composition and Board activity on the firm value Tobin's Q (TQ) of agri-input firms in India, through an empirical research. They referred panel data of 64 firms from 2007 to 2011. Fixed Effect Model (FEM) and Random Effect Model (REM) were estimated to evaluate the effectiveness of CG on TQ. The empirical results revealed that only board size had significant and positive impact on TQ, while board composition and board activity did not show any effect on TQ. **Thomas and Thakur (2014)** investigated the impact of CG on performance of listed Indian banks by using a panel data analysis. The Generalized Linear Model technique was applied on 10 listed Indian banks during 2010 to 2012. The research findings stated that a smaller board size, higher proportion of independent directors and a higher percentage of public ownership led to better performance of Indian banks. **Narwal and Jindal (2015)** examined the impact of CG on the profitability of Indian textile sectors for 2009 to 2014. Based on correlation and OLS regression model, they observed a strong positive association between director's remuneration and profitability. The study concluded that board size; board meeting and non-executive directors do not have significant association with the profitability.

Sridhar and Murugan (2015) analyzed the impact of CG on financial performance of firm in an Indian context by selecting top 25 companies from major sectors including IT, Pharma, Manufacturing and Automobile. The research analysis revealed that best CG practices ensure moderate performance to best performance in most of the companies. **Vishwakarma and Alok (2015)** focused through a study to ascertain the effect of CG aspects on the performance of selected IT companies in India along with their year wise performance during 2010 - 2014. They referred various independent variables including size of board of directors, number of female board, proportion of independent directors, number of board meeting, chief executive officer duality and board committees. Finding of analysis shows that the sizes of board of directors, Independent directors and board committees have affect significantly the IT companies and also the composition of boards has differentiated the financial performance results.

Based on the above review of literature, it is understood that researches have focused on different parameters, sectors, sample of companies and time period. Banking, being one of the crucial sectors has hardly been explored much. Another research gap in existing researches shows that a comparative study of PuSB and PvSB with reference to the Indian banking sector is missing, which has future scope, therefore, in the present study focus lies on selected banks in Indian context.

Objectives

In this research work following key objectives has been set to get findings through this study:

1. To compare the key CG practices being referred by selected PvSB and PuSB.
2. To study crucial attributes of CG in Indian banking sector.
3. To critically examine the development of CG practices in Indian banking sector.
4. To assess the decisive action taken by banking sector with regards to effective CG.

Research Methodology

Present study is carried out on leading 8 Indian banks comprising of 4 PuSB (State Bank of India [SBI], Bank of Baroda [BoB], Punjab National Bank [PNB] and United Bank of India [UBI]) and 4 PvSB (Dhanlaxmi Bank Ltd. [DBL], DCB Bank Ltd.[DCBL], ICICI Bank Ltd. [ICICI] and The Lakshmi Vilas Bank Ltd. [LVB]). The sample selection was based on judgmental sampling, where the market capitalization and year of their inception considered (See Table-1).

Period of study is 2015-16, therefore, latest annual report for the financial year 2015-16 has been referred. Data is collected from the secondary sources mainly the annual report and the website of selected banks. To serve the objective selected portion of 'corporate governance' of the annual report has been thoroughly studied in detail and key parameters such as composition, mandate and frequency of meetings of the Board, Risk Management Committee, Audit Committee, Stakeholder Grievance Committee, Remuneration Committee and CSR Committee, etc., is analyzed.

Table-1 : Brief Description of Sample Selected under the Study

Name of Bank	Year of establishment	Market Capitalisation (Rs. Cr.)
Private Sector Bank		
Dhanlaxmi Bank Ltd.	1927	505.73
The Lakshmi Vilas Bank Ltd.	1926	2651.54
DCB Bank Ltd.	1930	3399.55
ICICI Bank Ltd.	1994	149536.04
Public Sector Bank		
United Bank of India	1950	2786.05
Punjab National Bank	1894	27791.27
Bank of Baroda	1908	35846.63
State Bank of India	1955	197601.49

Source: Compiled by author from Annual Report 2015-16 of respective Banks (2016)

Data Analysis and Results

To understand the CG practices and status in the selected banks, important parameters such as board structure, composition and frequency of meeting in the key committees including audit committee, risk management committee, stakeholder relationship committee, CSR committee, remuneration committee and executive committee of the board is analysed. Data analysis and result of the same is explained below:

Board Structure

Board of directors plays the key role in the CG. Therefore, composition of executive director (ED), non-executive director (NED) and independent director (ID) in the board structure is always crucial for a company. An executive director is the senior operating officer, who is usually an employee with primary role of management, leadership and administration of the company. While the NED is independent of corporate management, an outsider not usually involved with day-to-day management. He has key role of over viewer and whistle blower, where he can ensure adherence to the good practices in the company. In this way ID is NED, and not an employee of the company, not a supplier or customer of the company and does not have family connective with someone in the company business. In effective CG, it is encouraged to have higher the number of NED or ID over the executive director. According to Clause 49 of the listing agreement, a company is required to have such board composition, where an optimum combination of ED and NED with not less than 50% directors are non-executive and when the Chairman is a NED, then at least 33% ID should be in the Board. In case Chairman is an ED, then at least 50% directors should be ID.

In the case of selected 8 banks, the analysis of board composition shows a relevant picture. In terms of the board independence, the LVB has 92% NEB on its board among the selected 4 PvSB. In the case of PuSB, United Bank of India is the leading bank, which has 67% NED on its board, at the same time UBI has the highest percentage of ID, i.e. 44%, which was 77% in the case of DCB Bank Ltd., among the PvSB. If other side of analysis is referred then ICICI Bank Ltd. and the BoB are two banks, which have the highest percentage of ED on their board in the category of PvSB and PuSB, i.e., 38% and 30%, respectively. In terms of frequency of board meetings, DCBL has conducted the least board meetings, i.e., 7 meetings in a year. It is also observed that majority of PvSB have Chairman as NED, which was reverse in the case of PuSB, means they have ED, as Chairman of the Board. From the Women director point of view, all banks are meeting this statutory requirement (See Table-2).

Table-II: Analysis of Board Composition

Name of Bank	Total Directors	Non Executive Director excluding Chairman	Independent Non Executive Director	Women Non-Executive Director	Executive Director excluding the Chairman	Women Executive Director	No of Board meetings	Is Chairman Executive
Private Sector Bank								
Dhanlaxmi Bank Ltd.	11	10	6	1	1	0	12	No
DCB Bank Ltd.	13	11	10	1	1	0	7	No
ICICI Bank Ltd.	13	7	7	0	5	2	10	No
The Lakshmi Vilas Bank Ltd.	12	11	6	1	0	0	12	Yes
Public Sector Bank								
State Bank of India	14	5	4	1	4	1	12	Yes
Bank of Baroda	10	2	4	1	3	0	13	No
Punjab National Bank	11	7	4	1	3	1	13	Yes
United Bank of India	9	6	4	1	2	0	10	Yes

Source: Compiled by author from Annual Report 2015-16 of respective Banks (2016)

Audit Committee

An audit committee is one of the important board committee to administer the financial reporting process and disclosure. It ensures the correct, sufficient and credible financial statement of the company. Committee needs to meet at least four times in a year. An analysis of the Audit Committee composition and the frequency of meeting during 2015-16 of selected banks show that the ICICI and SBI are two leading banks from respective groups, which have highest independence in the Audit Committee by appointing highest percent of Independent Director in the Committee, i.e., 100% and 50%, respectively. On the other hand, The LVB and PNB are far behind in such cases, where percentage of Independent Director in the Audit Committee is least in their own group of banks, i.e. 50% and 20%, respectively. With a view to see the frequency of meeting, Bank of Baroda has conducted the highest meeting in the entire group of selected banks, i.e. 12 meeting in a year (See Table-3).

The Risk Management Committee

It is another important committee, with an objective to assist the Board in satisfying its CG oversight responsibilities with regard to the identification, analyzing, evaluation and alleviation of strategic, operational, and external risks. On analyzing the data of selected banks, it is evident that DCBL has the highest number of Independent Director in the Risk Management Committee from the group of PvSB, i.e., 80%. On the other hand, in case of PuSB, higher independence is seen in case of SBI, which has 50% Independent Director in the committee. The LVB and PNB are having least number of ID in the committee, i.e., 33% and 17%, respectively. On considering the frequency of committee meeting in a year, ICICI has conducted the highest meeting in a year (See Table-3).

Table-III: Analysis of Audit Committee and Risk Management Committee

Name of Bank	Audit Committee				Risk Management Committee			
	Number of members	No. of ID	No of ED	No of meeting	No of meeting	No of meeting	No of meeting	No of meeting
Private Sector Bank								
Dhanlaxmi Bank Ltd.	5	4	1	8	3	2	1	4
DCB Bank Ltd.	5	3	0	5	5	4	1	4
ICICI Bank Ltd.	4	4	0	8	7	5	1	7
The Lakshmi Vilas Bank Ltd.	6	3	0	8	6	2	2	4
Public Sector Bank								
State Bank of India	8	4	2	11	8	4	2	4
Bank of Baroda	5	2	1	12	5	1	3	5
Punjab National Bank	5	1	1	5	6	1	4	4
United Bank of India	7	3	1	9	NA	NA	NA	NA

Source: Compiled by author from Annual Report 2015-16 of respective Banks (2016)

The Stakeholders Relationship Committee

Role of the Stakeholders Relationship Committee (Earlier referred as the Shareholders'/ Investors' Grievance and Administrative Committee) is very important in terms of approving, transferring and transmission of shares, etc. It also reviews the queries/complaints received from the shareholders. From the analysis of committee composition, it is observed that the DCBL has 100% Independent Director in the committee, whereas in the case of PuSB, SBI and UBI both have 60% Independent Director in the committee, which is highest in the respective group of banks. On the other hand, the DBL and PNB have the least representation of Independent Directors in the committee, i.e., 33% and 25%, respectively. PNB has been holding highest meetings of the committee, among the all selected banks in the study (See Table-4).

The CSR Committee

In order to have company's contribution to the social sector development, CSR has been mandatory for companies, which have net worth of Rs. 500 crore or more, or turnover of Rs.1000 crore or more or a net profit of Rs. 5

crore or more during any financial year. Such companies need to setup the CSR Committee, which can articulate the strategic possibility for CSR activities, by ensuring fulfillment of CSR policy of the banks in accordance to the Companies Act 2013. Key functions of the committee include review of CSR initiatives, formulation of CSR policy, closely observing the CSR activities, accomplishment of and compliance with the CSR Policy and reviewing. CSR Committee result is interesting in case of the selected banks. DBCL has highest percentage of Independent Director in CSR Committee, i.e., 60%. In PuSB, Only SBI has such committee constituted and has 67% Independent Director in it. CSR Committee meetings were highest in case of SBI and LVB (See Table-4).

Table-IV: Analysis of the Stakeholder Relationship Committee and CSR Committee

Name of Bank	Stakeholder Relationship Committee				CSR Committee			
	Number of members	No. of ID	No of ED	No of meeting	No of meeting	No of meeting	No of meeting	No of meeting
Private Sector Bank								
Dhanlaxmi Bank Ltd.	3	1	1	4	3	1	1	1
DCB Bank Ltd.	3	3	0	4	5	3	1	2
ICICI Bank Ltd.	3	2	1	4	4	2	1	3
The Lakshmi Vilas Bank Ltd.	5	2	0	3	5	1	2	4
Public Sector Bank								
State Bank of India	5	3	2	4	6	4	2	4
Bank of Baroda	4	2	2	4	No			
Punjab National Bank	4	1	3	6	No			
United Bank of India	5	3	2	4	No			

Source: Compiled by author from Annual Report 2015-16 of respective Banks (2016)

The Remuneration Committee

The Remuneration Committee has prime function to authorize the remuneration, business and other benefits of executive directors. Data analysis of selected banks shows that the ICICI and the SBI have the highest independence by appointing Independent Director to the composition of 100% and 50%, respectively in the committee. On the other hand PNB has just 25% Independent Director in Remuneration Committee, leaving meager scope of independence (See Table-5).

Table-V: Analysis of the Remuneration Committee

Name of Bank	Number of members	No. of ID	No of ED	No of meeting
Private Sector Bank				
Dhanlaxmi Bank Ltd.	3	2	0	4
DCB Bank Ltd.	4	3	1	3
ICICI Bank Ltd.	3	3	0	8
The Lakshmi Vilas Bank Ltd.	4	3	0	5
Public Sector Bank				
State Bank of India	4	2	0	1
Bank of Baroda	5	2	0	2
Punjab National Bank	4	1	0	1
United Bank of India	5	2	0	1

Source: Compiled by author from Annual Report 2015-16 of respective Banks (2016)

The Executive Committee of the Board

Generally, Executive committee of the board deals with any matter within the competence of the Central Board. It can include matters relating to properties, insurance, business performance and P&L etc. While referring to the data available with selected banks, it is observed that SBI and LVB have hold highest number of committee meetings in a year in the respective group of banks (See Table-6).

Table-VI: Analysis of Board Committees: Executive Committee of the Board

Name of Bank	Number of members	No. of Meetings
Private Sector Bank		
Dhanlaxmi Bank Ltd.	4	11
DCB Bank Ltd.	4	1
ICICI Bank Ltd.	NA	NA
The Lakshmi Vilas Bank Ltd.	10	19
Public Sector Bank		
State Bank of India	4+	52
Bank of Baroda	6	21
Punjab National Bank	7	18
United Bank of India	NA	NA

Source: Compiled by author from Annual Report 2015-16 of respective Banks (2016)

Conclusion

Present study has focused on the board composition and independence of the various key committees of the Board, including the Risk Management Committee, CSR Committee, Audit Committee, Remuneration Committee and Stakeholder Grievance Committee, etc. Result has been drawn from both, PuSB and PvSB point of view. Among the PvSB, ICICI has been a key player, with maintaining high amount of independence among the other selected PvSB. In the same segment, DBL could not reflect much independence in the board committees. In the case of PuSB, SBI was found most proactive bank while maintaining the highest amount of independence in terms of more active participation of Non-Executive Independent Directors in various committees of the Board. On the other hand PNB has been found on the negative side leaving less scope of independence, by keeping very higher percentage of Executive Director in the various committees of the board.

Even in terms of the frequency of meetings the ICICI and SBI is the top two banks come out of the respective groups of banks, which have regularly hold the respective board committee meetings. This result shows that other selected banks need to relook at their board structure in the light of new Companies Act, 2013 as well as by keeping more scope by involving intellectual persons in the form of Independent Directors.

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