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TO DETERMINE THE CORPORATE GOVERNANCE DISCLOSURE LEVEL FOR SELECTED NATIONALIZED BANKS

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ABSTRACT

Banking in India has been brought up to international standards as a result of globalization and liberalization of the Indian economy. India's financial system has become increasingly sophisticated and accessible in recent years. Now more than ever, we need high-quality standards in this area. Internal controls, Board composition and function, transparency requirements, and risk management are just few of the areas where legislation have been established to ensure a high level of corporate governance. Results from the researcher's examination of secondary sources of information. To learn about Corporate Governance and how it applies to the Banking Industry, secondary sources were analyzed. The Bank's Annual Reports as well as data from Reserve Bank and SEBI publications were used to compile this information.

KEYWORDSCorporate Governance Disclosure, Banking Companies, Corporate Governance Policy and Indian

INTRODUCTION

The definition, description, or outlining of corporate governance varies from author to author and from purpose to purpose. Authors that write for specialized audiences tend to employ terminology that seems tailored to their subject matter. Writers that focus on regulatory policy in regards to corporate governance standards often use more general structural descriptions. "Corporate governance" covers the processes, institutions, and procedures that impact the control and direction of organisations; this is a comprehensive term that incorporates several approved meanings.

The meta-definition here allows for both the limited meanings used in particular situations and the larger descriptions that are typically portrayed as authoritative. Examples of the latter include the Cadbury Report's structural definition of corporate governance as "both the structural view of "Corporate governance involves a set of relationships between a company's management, its board, its shareholders, and other stakeholders" and the relational-structural view adopted by the Organization for Economic Cooperation and Development "the system by which companies are directed and controlled" Through corporate governance, the company's goals are established, and the processes for achieving those goals and evaluating progress are mapped out."

A company or other organisations discloses information when it wants to share it with the public. In finance, "disclosure" is the release of any and all relevant financial data about a company that may be used to make educated investment choices. It is "the migration of information from private into the public domain," as defined by the American Accounting Association. From these definitions, it is clear that disclosure refers to the dissemination of information to outside parties, both quantitative and qualitative, about the reporting entity for the purpose of the latter's decision making. Prospectus, financial news releases, annual report, interim reports, and personal interactions with corporate personnel are all viable channels for disseminating information about the firm's operations. Company data may also be found in the mainstream media, trade publications, financial advice services, and official government statistics. The annual report is the most trusted source of information on a company's operations, notwithstanding the availability of other methods of gathering this data. The annual report of a company is the single most accessible and critical piece of background information about that company.

The phrase "Corporate Governance" refers to a set of practices including the management, organisations, and direction of a business with the goal of realizing that organization's long-term vision. There can be no successful Corporate Governance without accountability, transparency, and disclosures. The financial well-being of businesses is directly tied to their corporate governance. The term "corporate governance" encompasses many different things, all of which affect the economic well-being of businesses and, by extension, nations. Financial system volatility and instability have become major issues for many regions of the world's economy in recent years. Ineffective standards and insufficient legal and institutional infrastructures, lack of transparency, and ineffective supervisory and regulatory processes are all contributing reasons to the instability of the financial sector.

In 1997, the Confederation of Indian Industry introduced a voluntary code for corporate governance in an effort to increase investor trust Whether the discussion should center on the duties and responsibilities of employees, the expansion of the role of the board of directors, or the escalation of shareholder activity. However, the policies and processes followed by a banking organisations may be used as a proxy for governance quality in the absence of standardized measures. A country's economy and the trust of its stakeholders both benefit from good corporate governance, which is defined as "the dedication to principles, ethics in business, contributing to social causes, and considering the interest of all stakeholders to have a fair conduct of business." It's been hailed as a crucial resource for the nation's economic and social progress. The chart below presents the corporate governance structure that the corporation must adhere to.

LITERARTURE REVIEW

Sarit Biswas et al (2022) The objective of this research was to examine the effect of excellent corporate governance (CG) on earnings management (EM) at commercial banks in India. The research also uses information gathered from 22 publicly listed commercial banks in India between 2010 and 2019 to examine the role of gender diversity on corporate boards under the CG framework. To develop a comprehensive CG metric, Principal Component Analysis (PCA) is used here. The study's results, based on an analysis technique called panel corrected standard error (PCSE), indicate that CG has a significant negative effect on EM at Indian commercial banks. In addition, a positive link was found between gender diversity on boards and EM, suggesting that the costs of lacking diversity in a bank's board of directors outweigh the benefits. Our investigation shows that the synergistic effects of many CG pathways are greater than the sum of their individual effects. The study also contributes new insight into how gender diversity on bank boards might serve as a check and balance against EM in a developing country. The study provides insights that can be put into practice, which might be of use to investors, managers, regulators, and lawmakers.

Dr. Ram Singh et al (2020) To define roles, responsibilities, and authority inside a company, we look to its system of corporate governance. Banks play a crucial role in the development of corporate governance procedures, which in turn increases profits for financial professionals by reducing the cost of capital and the associated risk. All things considered, the connection is strong, and there are duties to protect the premiums, thus proper banking division management is critical to the growth and development of the economy. The connection is stable with duties to secure the premiums in the event of a financial event in which the parties recognize open shops for fulfilment of specified agreements. With a total of "27 Public Sector, 21 Private Sector, 49 Foreign, 56 Regional Rural Banks, 1,562 Urban Cooperative Banks, and 94,384 Rural Cooperative Banks," India has an extensive and diverse system of credit institutions. The eight banks included in this research project were evenly split between public and private sectors, and our analysis focused on how each bank's management team and board of directors operated. Finding out how crucial this framework is for the banking sector was the driving force for our study. Data and materials utilized in this study came from a wide range of supplementary sources, including government websites, and an attempt is made to explain each discourse to corporate management based on these seven elements. In the end, we determined that all of the chosen banks had exceptional compliances with Corporate Governance and met all of the standards set out in the "Code of Corporate Governance pursuant to the SEBI section 49 Listing Agreement and RBI."

ArpitChhajer and Dr. Ritikamoolchandani (2019) Corporate Governance in Corporate Governance is a relatively new concept that emerged in the contemporary era as a consequence of globalization and deregulation. Increasing degrees of transparency in company operations are essential if Indian firms are to prosper in the face of intensifying global competition and the opening of the economy to meet WTO regulations. Without competent corporate governance, a company will not be able to satisfy its customers, generate a profit, provide a product or service that is in high demand, maximize the return on investment for its founders, or fulfil its social responsibilities to the community. This provides further context for the role that corporate governance plays in the Indian banking industry. As a result of banks exhibiting the necessary corporate governance features, it is bringing about more openness and reducing the risk of fraud and malpractices. Public and commercial banks alike are meeting these standards.

S. Sandhya et.al (2020) Governance in corporations is affected by a wide range of external and internal variables (CG). Understanding and defining corporate governance is a daunting task. However, studies are necessary to learn about the effects of strong corporate governance practices and the evolving particular requirements for such procedures. This research examines the corporate governance of Indian banks using a GCI tailored to the banking industry since banks have unique governance requirements. To evaluate the index, we looked for a relationship between CG practices and bank profitability, as assessed by return on assets (RAO) and net interest margin (NIM) as dependent variables, following the approach used by Ararat, Black, and Yurtoglu (2017) to examine the efficacy of corporate governance. For insight into how the independent variables relate to the sub-indices, a fixed-effects regression analysis was performed. The capital adequacy ratio (CAR) and the net nonperforming assets (NPA) ratio were also included as independent variables in addition to the CG index. In support with the results of Fallatah and Dickins, we identified a slight association between CG, ROA, and NIM (2012).

Suwaidan, mishiel. (2021). The primary purpose of this research is to investigate the effect of various factors on the level of corporate governance transparency in annual reports. Size of audited company, presence of audit committee, size of board of directors, number of non-executive members in the board of directors, separation between chairman of board of directors and CEO, complexity of firm's operations, size of company, debt ratio, profitability, ownership concentration, and the institutional shareholders) are all factors that the study examines and how they affect the level of disclosure in corporate governance. In 2010, 64 businesses trading on the Amman Stock Exchange had their annual reports analyzed for compliance with a disclosure index consisting of 37 pieces of information related to corporate governance. The index contains both required and optional fields of data. The connection between the level of disclosure and the explanatory factors is investigated by means of regression analysis. The research found that mandatory item disclosure was generally high, and that there were no significant differences in disclosure quality across firms. However, the findings showed that disclosure levels for optional items were low and widely varied across businesses. Multiple regression analysis found a positive and statistically significant correlation between the presence of an audit committee and the distance between the roles of chairman of the board of directors and chief executive officer.

METHODOLOGY

Secondary Subject Literature and Online Resources The following sources of information were used: The bank's criteria and the bank's actual adherence to those requirements were gathered via a questionnaire The Bank's Annual Reports as well as data from Reserve Bank and SEBI publications were used to compile this information. To better understand the bank's financial health and essential financial ratios, we created a Ratio Table The Bank's Annual Reports and website were used to compile this information.Following are how the questions were graded based on the answers given: One was selected if the bank demonstrated compliance with a specified corporate governance policy or practice. In the case when the bank did not comply with a certain corporate governance policy or practice, a score of 0 was recorded.

DATA ANALYSIS

CORPORATEGOVERNANCEDISCLOSURES

General Information

Table1:Statementon Bank's Philosophyon Corporate Governance

	Nationalised Banks	Private Banks
Statement on Bank's Philosophy on Corporate Governance	9	9

Banks with their own Corporate Governance tenets are shown in Table1. The banks' effort to contribute to the corporate governance code is shown here. Each of the nine publicly-held and nine privately-held banks has its own corporate governance philosophy statement.

Table2:DisclosureofdefinitionofIndependentDirector

	Nationalised Banks	Private Banks
Disclosure of definition of Independent Director	0	0

The percentage of financial institutions that have posted their criteria for what constitutes an independent director is seen in Table 2. No financial institution has made this meaning public.

Table3:DisclosureofSelectionCriteriaofBODincludingindependentdirectors

	Nationalized Banks	Private Banks
Disclosureof Selection Criteria of BODincludingindependentdirectors	7	0

Table 3 shows the percentage of financial institutions that provide information on how board members are chosen. The criteria have been revealed by 7 state-owned banks but not by any private banks.

Table 4: Proper Disclosure-Restriction on chairmanship of directors(Notmorethanfivecommittees)

	NationalizedBanks	PrivateBanks
Proper Disclosure-Restriction onchairmanshipofdirectors(Notmore thanfivecommittees)	9	9

You can see how many financial institutions have announced that their board members may not serve as chair of more than five different committees by looking at Table 4. The nine government-owned and nine privately-owned banks have all reported the limitation.

Table5:ProperDisclosure-Restrictiononmembership(Notmorethantencommittees)

	NationalizedBanks	PrivateBanks
Proper Disclosure-Restrictionon membership (Not more than tencommittees)	9	8

The number of financial institutions whose board members are limited to serving on no more than ten separate committees is shown in Table 5 below. Nine government-owned and eight privately-owned banks have come clean about the limit.

Table6:ProperDisclosure-CompositionofBoardofDirectors

	NationalizedBanks	PrivateBanks
Proper Disclosure-Composition of BoardofDirectors	9	9

Figure 6 illustrates the percentage of financial institutions that have made public their board of directors. The board membership of all nine nationalized banks and all nine private banks has been made public.

Table7:ProperDisclosure-NatureofBoardofDirectors

	NationalizedBanks	PrivateBanks
ProperDisclosure-NatureofBoardof Directors	9	9

The percentage of financial institutions that have made public their board of directors is shown in Table 7 below. The makeup of the boards of directors for all nine publicly-traded and privately-held banks is public knowledge.

Table8:ProperDisclosure-NomineeDirectors

	NationalizedBanks	PrivateBanks
ProperDisclosure-NomineeDirectors	6	8

The percentage of banks that have reported the presence of nominee directors on their boards is shown in Table 8. This warning may be seen on the websites of 6 nationalized banks and 8 private banks.

Table9:ProperDisclosure-BoardMeetingconducted(Atleastfour)

	NationalizedBanks	PrivateBanks
ProperDisclosure- Board Meeting conducted(Atleastfour)	9	9

As may be seen in Table9, the required minimum of four board meetings each year has been met. This warning is posted on the websites of all nine of the country's commercial banks.

Table10:PostBoard-Meetingfollow-upsystem

	NationalizedBanks	PrivateBanks
PostBoard-Meetingfollow-upsystem	3	0

Table 10 displays the percentage of financial institutions that have reported having a post-board-meetings follow-up mechanism. This warning may be seen on the websites of all nine of the country's national banks. This information is not readily available on the websites of any private banks.

Table11:DisclosureofRemunerationPolicy

	NationalizedBanks	PrivateBanks
DisclosureofRemunerationPolicy	5	8

The percentage of financial institutions that have made public their board of director compensation is shown in Table.11. In terms of compensation, 5 state-owned institutions and 8 private banks have come clean.

Table12:DisclosureofRemunerationofDirectors

	NationalizedBanks	PrivateBanks
Disclosure of Remuneration of Directors	5	8

Listed in Table 12 is the percentage of financial institutions that have reported the compensation of their board of directors. This compensation structure has been made public by 5 state-owned banks and 8 commercial banks.

Table13:InformationonCodeofConduct

	NationalizedBanks	PrivateBanks
InformationonCodeofConduct	8	9

As seen in Table 13, a significant percentage of financial institutions have made public their employee code of conduct. The code of conduct has been made public by 8 state-owned banks and 9 commercial banks.

TABLE14:GENERALINFORMATION-NATIONALISEDBANKS

NationalisedBanks	BankofMaharashtra	UnionBankofIndia	OrientalBankofCommerce	CentralBankofIndia	DenaBank	BankOfBaroda	CanaraBank	CorporationBank	VijayaBank	GrandTotal(outof9pointsie1 point foreachbank)
GENERALINFORMATION										
Statement on Bank's Philosophyon Corporate Governance	1	1	1	1	1	1	1	1	1	9
DisclosureofdefinitionofIndependent Director	0	0	0	0	0	0	0	0	0	0
Disclosure of Selection Criteria of BOD Including independent directors	0	1	1	1	1	1	0	1	1	7
ProperDisclosure-Restrictiononchairmanshipof directors (Not more than fivecommittees)	1	1	1	1	1	1	1	1	1	9
ProperDisclosure-Restrictiononmembership(Not more than ten committees)	1	1	1	1	1	1	1	1	1	9

ProperDisclosure-CompositionofBoardof Directors	1	1	1	1	1	1	1	1	1	9
ProperDisclosure-Nature of Board of Directors	1	1	1	1	1	1	1	1	1	9
ProperDisclosure-Nominee Directors	0	1	1	1	1	0	1	1	0	6
ProperDisclosure-Board Meetingconducted(At leastfour)	1	1	1	1	1	1	1	1	1	9
Post Board-Meetingfollow-up system	0	1	0	0	0	0	0	1	1	3
Disclosure of RemunerationPolicy	0	1	1	0	0	1	1	1	0	5
Disclosure of Remuneration	0	0	1	0	0	1	1	1	1	5
of Directors										
Information on Code of Conduct	0	1	1	1	1	1	1	1	1	8
Grand Total (out of 13 points)	6	11	11	9	9	10	10	12	10	

Tables 14 that to our knowledge, no has disclosed its selection process for the Board of Directors, or how it determines which members of the Board will serve as independent directors. However, 7 government-owned banks have come out with this information. discloses its post-Board meeting follow-up procedure, while just three state-run banks do so. Corporation Bank, a nationalized bank, earns 12 points for the most number of disclosures in this category, while Bank of Maharashtra, a nationalized bank, earns 6 points for the fewest number of disclosures. HDFC Bank, ICICI Bank, IDBI Bank, IndusInd Bank, Axis Bank, Development Credit Bank, Kotak Bank, and IndusInd Bank are the most transparent in India.

Table 15 TRANSPERANCY & DISCLOSURES - NATIONALISED BANKS

NationalizedBanks	BankofMaharashtra	UnionBankofIndia	OrientalBankofCommerce	CentralBankofIndia	DenaBank	BankOfBaroda	CanaraBank	CorporationBank	VijayaBank	pointforeachbank)
TRANSPERANCY&DISCLOSURES										
Related Party Transactions	1	1	1	1	1	0	1	1	1	8
Accounting Treatment	1	0	1	0	0	1	1	0	0	4
Appointment/Re-appointment ofDirectors	1	1	1	1	1	1	1	1	1	9
Director's ResponsibilityStatement	1	1	1	1	1	1	0	1	0	7
TrainingofBoard	1	1	1	1	1	0	1	0	1	7
Members										
Shareholder's Information	1	1	1	1	1	1	1	1	1	9
Shareholder Rights	1	1	1	1	1	1	1	1	1	9
Quarterly Results	1	1	1	1	1	1	1	1	0	8
Proper Disclosure –Risk Management	1	1	1	1	1	1	1	0	0	7
Management Discussion and Analysis	1	1	1	1	1	1	1	0	0	7
Proper Disclosure – Whistle Blower Policy	0	1	0	1	1	1	1	1	1	7
Grand Total (out of 11 points)	10	10	10	10	10	9	10	7	6	

All private banks have provided the necessary disclosures in this area, as shown in Tables There are several nationalised banks that have yet to make these kinds of public statements. Bank of Maharashtra, Union Bank of India, Oriental Bank of Commerce, Central Bank of India, Dena Bank, and Canara Bank all tie for first with a perfect score of 10 in this category among the country's major nationalised financial institutions. Vijaya Bank has the lowest score of any bank, at just 6.

TABLE16 GENERALSHAREHOLDERINFORMATION-NATIONALISEDBANKS

NationalisedBanks	BankofMaharashtra	UnionBankofIndia	OrientalBankofCommerce	CentralBankofIndia	DenaBank	BankOfBaroda	CanaraBank	CorporationBank	VijayaBank	pointforeachbank)
GENERALSHAREHOLDERINFORMATION										
ProperDisclosure – Listing onStockExchanges	1	1	1	1	1	1	1	1	1	9
ProperDisclosure –StockCode	1	1	1	1	1	1	1	1	1	9
ProperDisclosure –MarketPriceData	1	1	1	1	1	1	1	1	1	9
ProperDisclosure – FinancialCalendar	1	1	1	1	1	1	1	1	1	9
ProperDisclosure –BookClosuredate	1	1	1	1	1	1	1	1	1	9
ProperDisclosure – DividendPayment Date	1	1	1	1	1	1	1	1	1	9
Grand Total (out of 6 points)	6	6	6	6	6	6	6	6	6	

Tables 16 show that all publicly-owned financial institutions have provided the required information under this heading.

CONCLUSION

The crucial role banks play in the economy makes it critical that the financial system be robust and secure. Banks and other financial organisations need to uphold strict moral principles to be held accountable by the public. Therefore, only banks with good governance standards will be trusted by the public. Among the 13 items under "General Information," not all state-owned banks have fully disclosed all relevant data. Corporation Bank, a nationalized bank in India, has the highest disclosure score (12 points), followed by Bank of Maharashtra (-6 points) as the bank with the lowest disclosure score. All government-owned banks score zero on the "Transparency and Disclosures" indicator (worth 11 points). Bank of Maharashtra, Union Bank of India, Oriental Bank of Commerce, Central Bank of India, Dena Bank, and Canara Bank all tie for first with a perfect score of 10 in this category among the country's major nationalised financial institutions. Vijaya Bank has the lowest score of any bank, at just 6.

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