

Corporate Governance Practices and Financial Performance of Banks in India

A comparative study of public sector private sector regional rural and foreign banks

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Abstract—This paper examines corporate governance practices and financial performance of selected banks in India through a comparative study of public sector banks, private sector banks, Regional Rural Banks and foreign banks operating in India. The study is based on secondary data drawn mainly from annual reports, governance disclosures, regulatory publications and relevant academic literature. It adopts a descriptive, comparative and analytical design to examine board structure, board committees, governance disclosure, audit and risk oversight, transparency practices and selected financial performance indicators such as profitability, asset quality, capital adequacy and operating strength. The study finds that governance in banking is not merely a compliance requirement but an economic and institutional mechanism connected with risk management, credibility, stakeholder confidence and performance sustainability. Private sector banks generally show stronger integration of governance with market-facing disclosure and performance discipline, while public sector banks show formal and layered governance structures with improving financial strength. Regional Rural Banks reflect development-oriented and sponsor-linked governance, whereas foreign banks display compliance-led and globally influenced governance systems. The paper concludes that the governance-performance relationship is enabling and probabilistic rather than automatic, and that governance reforms should be tailored to the institutional character of each bank category.

Index Terms—Corporate governance, bank performance, public sector banks, private sector banks, Regional Rural Banks, foreign banks, India, governance disclosure.

I. INTRODUCTION, BACKGROUND, & NEED FOR STUDY

Introduction

Corporate governance has emerged as one of the most significant concerns of contemporary business and financial management because it lies at the heart of how institutions are directed, controlled, monitored, and held accountable. In its broadest sense, corporate governance refers to the framework of relationships among a firm's management, board of directors, shareholders, regulators, and other stakeholders. It determines who has authority, how decisions are made, what standards of disclosure are followed, how accountability is enforced, and how the interests of different parties are balanced. In recent decades, governance has moved from being treated as a technical legal subject to being understood as a central determinant of institutional credibility, market confidence, ethical conduct, and long-term sustainability. In the banking sector, this concern has become even more pronounced because banks occupy a special position in the economy: they hold public deposits, allocate credit, facilitate payments, support capital formation, and influence systemic stability. Studies on Indian banking repeatedly underline that governance in banks is critical because of banks' role in financial intermediation, protection of depositors, and management of systemic risk.

The contemporary importance of corporate governance in banking has arisen from several interconnected developments. First, repeated financial crises, scandals, frauds, and episodes of weak oversight have revealed that poor governance can severely damage trust in banking institutions. Second, the increasing complexity of financial products, risk structures, and balance sheets has made monitoring more difficult and therefore more dependent on effective boards, audit systems, and transparent disclosures. Third, regulatory reforms at both the international and domestic level have emphasized that bank governance is not merely a private concern of shareholders but a matter of public interest, since bank failure has consequences for depositors, borrowers, investors, and the economy at large. Recent Indian research emphasizes that a robust governance framework is essential for transparency, accountability, risk management, ethical conduct, stakeholder confidence, and long-term banking performance.

The present dissertation is positioned at the intersection of two closely linked themes: **corporate governance practices** and **financial performance** in the Indian banking sector. The chosen topic, *Corporate Governance Practices and Financial Performance of Banks in India: A Comparative Study of Public Sector, Private Sector, Regional Rural and Foreign Banks*, recognizes that governance cannot be meaningfully studied in the abstract. Governance mechanisms are shaped by ownership, institutional mandate, regulatory expectations, developmental role, market discipline, and historical legacy. Public sector banks, private sector banks, Regional Rural Banks, and foreign banks operate within the same broad Indian financial system, yet they differ in important ways. Public sector banks remain associated with the legacy of nationalization, state ownership, and social banking obligations. Private sector banks are often viewed as more competition-oriented and market-responsive. Regional Rural Banks have a rural and developmental mandate, and foreign banks operate in India while also being connected to international parent structures and global governance practices. Because of this diversity, a comparative study across these four categories is both analytically useful and institutionally relevant.

The literature strongly supports the relevance of such a study. One doctoral thesis on Indian banking constructed a Corporate Governance Index using dimensions such as commitment to governance, board structure and independence, board procedure and effectiveness, shareholder rights, disclosure and transparency, audit committee procedure, and directors' remuneration, and found that better governance was positively associated with selected measures of performance. Another recent empirical paper focusing on Indian public sector banks reported that the implementation of governance mechanisms such as board meetings, committee meetings, attendance of independent directors, and disclosure practices had significant relationships with profitability measures such as Return on Assets and Net Interest Margin. Comparative disclosure research in Indian banking has also found that disclosure practices differ across banks and that disclosure remains a key governance issue in both public and private institutions.

At the same time, the studies indicate an important limitation in the existing scholarship. Much of the work in Indian banking governance has focused on public sector and private sector banks, particularly listed commercial banks, while broader comparison across public sector, private sector, Regional Rural, and foreign banks is relatively limited. Some studies mention the wider structure of Indian banking in their background sections, but their empirical focus narrows to fewer categories. This creates a research opportunity. A broader comparison may

reveal whether governance practices are shaped by ownership structure, developmental mandate, or institutional origin, and whether these differences are associated with differences in performance.

This chapter therefore serves several functions. It introduces the study, provides the background necessary to understand the governance issue in banking, explains why corporate governance is a particularly important theme in the Indian banking context, identifies the problem to be studied, and establishes the rationale and need for the dissertation. It further lays out the objectives, research questions, hypotheses, scope, and delimitations of the study.

Background of the Study

Corporate Governance as a Modern Institutional Concern

The rise of corporate governance as a central academic and policy issue is closely tied to the recognition that institutions cannot be judged only by profitability or scale. Modern organizations are embedded in webs of accountability that include investors, employees, creditors, customers, regulators, and society. Governance emerged as a major concern because traditional assumptions that management would automatically act in the best interest of owners and stakeholders proved unrealistic. Corporate failures, accounting irregularities, weak boards, conflicts of interest, and poor disclosures revealed that the structure of control within organizations matters deeply. Governance therefore came to be viewed not merely as compliance with law, but as the broader architecture of power, oversight, responsibility, and ethical conduct.

In the banking sector, this concern becomes more intense because banks are unlike ordinary firms. A non-financial company that is poorly governed may damage investors, workers, or suppliers. A poorly governed bank may do all of that and also undermine depositor trust, payment stability, and credit flows across the economy. This is why the Basel Committee and broader governance literature have repeatedly treated bank governance as a matter of systemic importance. The research notes that sound corporate governance is especially important in banks because of public confidence, high leverage, opacity, and the importance of safeguarding stakeholders' rights and maintaining financial system stability.

Several ideas sit at the core of the governance concept. One is **accountability**, meaning that those who exercise authority must answer for their decisions. Another is **transparency**, meaning that decision-making and performance must be visible and understandable to legitimate stakeholders. A third is **fairness**, meaning that the rights and interests of affected parties should not be arbitrarily ignored. A fourth is **responsibility**, meaning that organizational power must be exercised with prudence and ethical restraint. One of the Indian studies explicitly identifies fairness, transparency, accountability, and responsibility as basic pillars of corporate governance.

Governance therefore cannot be reduced to a single committee or a single regulation. It includes board composition, independence, board diligence, committees, internal control, audit quality, disclosure practices, stakeholder engagement, compliance mechanisms, risk oversight, and the overall tone set by leadership. In banks, these elements come together in a highly regulated environment where risk, confidence, and public responsibility are always present. The literature emphasizes that good governance in banks is not only about satisfying formal requirements but about generating authentic oversight, reducing information asymmetry, strengthening trust, and contributing to stability and performance.

Why Governance Is Especially Important in Banking

Banking is a distinctive industry because banks perform a set of public and systemic functions that few other business organizations perform. They accept deposits from the public, lend to households and firms, support trade and commerce, facilitate payment and settlement, transmit monetary policy, and often serve as the backbone of the formal financial system. Because of these roles, banks occupy a position of trust. Depositors place money in banks expecting safety and accessibility. Borrowers depend on banks for credit. Governments rely on banks for financial inclusion and economic transmission. Regulators depend on banks to observe prudential discipline. Investors and analysts look to banks as indicators of economic health.

This distinctive role is reflected in the scholarship. The research on governance mechanisms and bank profitability describes banks as indispensable institutions in developing economies because they support financial intermediation, capital formation, risk management, payment systems, economic stability, and development. It further notes that banks are characterized by opacity, complexity, and regulation, all of which raise the stakes of governance. Another doctoral study on Indian banking notes that corporate governance is vital in banks because of their role in the financial system, their responsibilities toward depositors, and the need to reduce systemic risk.

The specialness of banks can be seen in several dimensions.

First, banks operate largely with **other people's money**, particularly deposits. This creates a fiduciary and ethical obligation beyond ordinary commercial self-interest. The literature repeatedly notes that banks deal in people's funds and therefore should act as trustees of depositors.

Second, banks are highly **leveraged** institutions. Because their operations rely heavily on borrowed funds and deposits, small mistakes in governance, risk management, or asset quality can have disproportionately large consequences. One of the literature summaries notes that high leverage is a defining feature of bank governance and can create tensions between maximizing shareholder value and preserving broader enterprise value and stability.

Third, banks are often **opaque**. Outsiders do not have full visibility into the quality of credit decisions, internal controls, risk exposures, or the true health of the balance sheet at all times. This is why board oversight, audit quality, prudential regulation, and transparent disclosure become critical. The studies describe banking as complex and opaque and emphasize that effective monitoring and disclosure are essential.

Fourth, banks are subject to **dense regulation** because their failure affects the entire economy. The relationship between bank governance and regulation is therefore different from many non-financial sectors. One source notes that banking governance and regulation form a cycle, and that good governance is of crucial concern to both banking supervisors and banks themselves.

Fifth, banks have a strong **social and developmental role**, especially in countries like India. Banking is not only about profitability. It is also about credit inclusion, sectoral allocation, rural reach, and institutional trust. This is particularly relevant when comparing public sector banks and Regional Rural Banks with more market-oriented private and foreign institutions.

These features explain why governance in banking is not a peripheral administrative issue. It is central to performance, trust, stability, and legitimacy.

Background of the Indian Banking System

The Indian banking system has evolved through a distinctive institutional path shaped by colonial legacy, post-Independence planning, nationalization, rural expansion, liberalization, and regulatory modernization. This history matters because governance structures and performance expectations are not independent of institutional history.

The literature on Indian banking highlights several major phases. The early post-Independence period emphasized state-led restructuring and expansion of formal banking. Nationalization expanded the role of public sector banks and linked banking more directly with social and developmental policy. Later reforms, especially from the 1990s onward, brought liberalization, competition, prudential standards, and the entry of new private and foreign banks. These reforms pushed the sector toward stronger capital requirements, efficiency, disclosure, and modernization.

This history produced a banking system that is diverse rather than uniform. Public sector banks dominate many aspects of branch outreach and public policy banking. Private sector banks represent a major post-liberalization development and are frequently associated with technology-led competition and customer service differentiation. Regional Rural Banks were created to support rural and agricultural development. Foreign banks bring international exposure and global systems into the Indian market. Because these categories emerged under different historical and policy conditions, their governance patterns may also differ.

The Indian context also involves a layered regulatory framework. The Banking Regulation Act, the Reserve Bank of India, the Companies Act, disclosure norms, prudential requirements, and sector-specific supervisory frameworks all interact in shaping governance. The material specifically highlights the role of major governance reforms such as the Cadbury-inspired emphasis on independent directors and audit committees, the Kumar Mangalam Birla Committee, Listing Agreement changes, the Companies Act 2013, and the SEBI Listing Obligations and Disclosure Requirements framework. These developments show that Indian governance has evolved through both global influence and domestic reform.

The importance of this background for the present study is clear. Since governance is influenced by institutional history, ownership, and regulation, a comparative study of governance and performance among different categories of banks in India is not only possible but necessary.

Public Sector Banks: Background and Governance Context

Public sector banks remain central to the Indian financial system. Their role has historically been tied to branch expansion, social banking, government ownership, directed credit, rural outreach, and economic development. They are associated with public trust, policy execution, and the extension of formal banking to underserved sectors and regions. At the same time, public ownership creates unique governance questions. Public sector banks do not operate under the same incentives as purely market-driven firms. Their governance may reflect broader public objectives, state influence, policy responsibilities, and administrative constraints.

The literature highlights both the importance and the governance challenges of public sector banking. One literature summary notes that public sector banks have historically been under government patronage and that the possibility of misgovernance cannot be ruled out in comparison with private banks. Another summary points to the governance challenges confronting public sector banks in India as a major area of concern. These observations do not imply that public sector banks are inherently weak; rather, they suggest that governance in PSBs must be studied in light of the tension between public purpose and commercial discipline.

Public sector banks are therefore highly relevant to this study because they represent a category in which governance is influenced not only by internal board structures and disclosures but also by public ownership, policy obligations, and institutional legacy. Their performance too must be interpreted carefully, since profitability is only one dimension of their role.

Private Sector Banks: Background and Governance Context

Private sector banks, particularly the new generation of private banks that grew after liberalization, represent another important part of Indian banking. They are commonly associated with efficiency, innovation, technology adoption, customer-centric services, and stronger competitive pressure. In governance discussions, private sector banks are often viewed as more responsive to shareholders, capital markets, and disclosure expectations, though this should not be assumed without evidence.

The comparative studies suggest that private sector banks often show relatively stronger disclosure practices and, in some analyses, better financial performance than public sector banks. At the same time, private ownership does not automatically eliminate governance problems. Concentrated ownership, managerial dominance, growth pressure, and short-term market incentives can all create their own governance risks.

The inclusion of private sector banks in the study is important because they offer a contrast to public sector banks and allow the governance-performance relationship to be examined in a more market-driven setting. Their governance practices may be shaped by competition, investor scrutiny, and disclosure expectations to a different extent than in public institutions.

Regional Rural Banks: Background and Governance Context

Regional Rural Banks occupy a unique place in Indian banking because they combine financial intermediation with a developmental mandate. Established to extend banking services and institutional credit to rural areas, RRBs are not merely smaller commercial banks. Their structure reflects a specific policy objective: to strengthen rural finance and support agriculture and weaker sections.

This distinctive purpose affects governance. RRBs are not governed solely by commercial logic; they also carry developmental expectations. Their ownership structure, often involving the Central Government, State Government, and sponsor bank, makes governance more layered than in purely private or foreign institutions. Their performance must therefore be read alongside their social role and rural focus.

While the empirical governance literature is far more extensive on public and private banks, the wider banking background included in the work makes clear that RRBs form an important category in the Indian system. Their inclusion in this study is significant precisely because they are underrepresented in the governance-performance comparison literature. A broader study that excludes RRBs would miss an important institutional dimension of Indian banking.

Foreign Banks: Background and Governance Context

Foreign banks in India represent a category shaped by cross-border corporate structures, international governance norms, parent-bank oversight, and domestic regulatory compliance. They often operate with strong technological systems, global risk frameworks, and formalized governance procedures, but they must still adapt to Indian legal and supervisory requirements.

From a governance perspective, foreign banks are important because they bring a different organizational logic into the Indian banking environment. Their parent structures may influence disclosure practices, internal control systems, and board or committee arrangements. At the same time, foreign banks in India may serve narrower market segments and follow different business models than domestic banks. This means their financial performance and governance cannot be understood simply by transplanting assumptions from domestic public or private banks.

Including foreign banks in the present study broadens the comparative framework and helps test whether banks operating with stronger global linkages exhibit different governance patterns and performance outcomes in the Indian setting.

Why a Four-Category Comparison Matters

A four-category comparison matters because Indian banking is not adequately represented by a public-private binary. Public sector banks, private sector banks, Regional Rural Banks, and foreign banks differ in ownership, institutional history, regulatory context, strategic orientation, social role, and market positioning. These differences are likely to shape governance structures as well as performance measures.

The existing literature demonstrates strong interest in governance and performance, but much of it narrows to public and private sector banks or listed commercial banks. A four-category design responds to this limitation by creating a broader and more representative analytical frame. It allows the study to ask whether certain governance practices are category-specific, whether disclosure standards vary systematically, and whether the governance-performance relationship differs by institutional type.

This comparison also strengthens the policy relevance of the study. If governance problems or strengths cluster differently across categories, recommendations may need to be tailored rather than uniform. What works for a large private bank may not be directly applicable to an RRB. What is adequate for a foreign bank's reporting structure may not reflect the governance challenges of a public sector bank with large public responsibilities.

Governance Practices in Banking: The Core Dimensions

Corporate governance in banks may be studied through observable mechanisms and practices. The literature points repeatedly to a set of recurring variables.

One major dimension is **board structure and independence**. Prior Indian work has evaluated variables such as board size, board composition, independent directors, and the role of the board in strategic and governance decisions. Board structure matters because the board is responsible for oversight, strategic direction, and accountability.

A second dimension is **board procedure and effectiveness**, including the frequency of board meetings and the functioning of committees. Studies summarized in the research show that board meetings and committee activity are often linked to performance or used as proxies for governance intensity.

A third dimension is **gender diversity and board inclusion**. The doctoral research on Indian banking found positive performance associations for boards with female members, suggesting that board diversity may contribute meaningfully to governance quality.

A fourth dimension is **disclosure and transparency**. Comparative research on Indian banks has used disclosure indices based on annual reports and governance reporting, showing that disclosure remains a central area of difference between institutions.

A fifth dimension is **audit committee procedure and control systems**. Audit committees, internal controls, and reporting systems are central to the quality of governance, especially in an opaque and highly leveraged sector such as banking. Prior Indian governance research includes audit committee procedure as a core sub-index of governance quality.

A sixth dimension is **stakeholder accountability**. Banks do not answer only to shareholders. Depositors, regulators, borrowers, governments, and the public all have a stake in governance outcomes. The literature repeatedly emphasizes that governance in banking must protect stakeholders and not merely equity owners.

Together, these dimensions form the practical governance field within which the present study is situated.

Financial Performance in Banking: Meaning and Relevance

Financial performance in banking is not a simple or single-dimensional concept. It usually refers to the ability of a bank to generate profits, use assets efficiently, maintain asset quality, preserve solvency, and sustain its operations in a prudent and competitive manner. In governance research, common indicators include Return on Assets, Return on Equity, Net Interest Margin, Net Profit, and prudential measures such as NPA ratios and capital adequacy.

The studies support the use of these indicators. One recent empirical paper on Indian public sector banks uses ROA and NIM as core profitability measures and links them to governance variables such as board meetings, disclosure practices, and committee activity. The doctoral work on Indian banking used ROA, ROE, and other variables to study performance in relation to governance indices and board structures. Literature summaries in the material also note that governance has been studied in relation to profitability, risk-taking, and market value in several contexts.

The relevance of financial performance to the present study is clear. Governance is often justified on the ground that it improves strategic quality, oversight, transparency, risk management, and investor confidence. If so, then better governance should at least sometimes be associated with better financial outcomes. Yet the relationship is not necessarily uniform. Some studies find positive links, some find mixed or weak results, and some suggest that specific governance variables matter more than others. This makes empirical examination necessary.

Governance and Financial Performance: The Broad Link

A central premise of this dissertation is that corporate governance practices may influence financial performance, though the nature and magnitude of this influence may vary across institutional settings. Better governance can improve performance through several channels: stronger board oversight, reduced agency problems, higher quality decision-making, better risk monitoring, more credible disclosure, greater stakeholder confidence, and lower reputational or compliance costs.

The research provides support for this premise. The recent Indian study on governance mechanisms and profitability concludes that governance variables such as board meetings, committee meetings, directors' attendance, and disclosure practices significantly affect profitability in public sector banks. One doctoral study found that the Corporate Governance Index was significantly and positively associated with the financial performance of banks. Literature summaries in the material also note that sound governance has been linked with better performance, lower cost of funds, and more favorable stakeholder treatment.

However, the relationship is not always linear or universal. Some international studies summarized in the literature report mixed or economically weak relationships between governance and performance, or differing results depending on the variable used. This is precisely why the present study matters. It does not assume that governance automatically produces better performance; rather, it seeks to examine whether selected governance practices are associated with performance differences across different categories of banks in India.

Background and Need of the Study

The need for the present study arises from a combination of academic, institutional, regulatory, and practical reasons. This is not a topic chosen only for theoretical appeal. It addresses a real and continuing concern in the Indian banking sector, which place emphasis on contemporary relevance, originality, research gap, scope, clear objectives, research questions, hypotheses where applicable, and systematic inquiry.

Need from the Perspective of Academic Research

From the academic point of view, corporate governance in banking remains a rich field because it brings together finance, management, law, regulation, accounting, public policy, and ethics. Banks are not merely commercial entities; they are governance-intensive institutions. The research demonstrates that scholars have examined governance in Indian banking through multiple approaches, including corporate governance indices, disclosure analysis, board variables, profitability relationships, and literature reviews of governance-performance linkages.

Yet academic work also reveals gaps. Much of the Indian literature is concentrated on public and private sector banks, especially listed banks, while broader comparative treatment of Regional Rural and foreign banks is more limited. Some studies focus on governance disclosure. Others concentrate on profitability. Still others examine board characteristics in isolation. There remains clear scope for a broader comparative study that integrates governance practices and financial performance across four categories of banks in India. The present dissertation is designed to respond to that gap.

Need from the Perspective of Banking Institutions

Banks depend on trust more than many other organizations. A depositor cannot inspect the bank's internal books daily. An investor cannot directly observe every credit decision. A borrower cannot fully know how prudently the bank is governed. As a result, governance serves as a confidence mechanism. A well-governed bank signals discipline, transparency, internal control, and seriousness of oversight.

The need for governance-focused study becomes more obvious when one considers the consequences of poor governance in banking. Weak governance may lead to poor asset-liability management, weak credit monitoring, inadequate risk control, low-quality disclosures, failure of oversight, and ultimately damage to public trust. One literature summary notes that poor corporate governance can cause markets to lose confidence in a bank's ability to manage its assets and liabilities properly, which can in turn trigger liquidity concerns.

Therefore, studying governance is institutionally necessary because it sheds light on how banks can protect their credibility, improve their functioning, and align strategic conduct with stakeholder expectations.

Need from the Perspective of Regulation and Policy

Corporate governance in banking is not merely a voluntary managerial issue. It is closely tied to regulation and policy. Banks are expected to maintain prudential standards, transparent reporting, proper internal control, and governance systems that support long-term soundness. The material references major governance reforms and institutional developments such as the Companies Act 2013, SEBI governance norms, audit oversight reforms, and the influence of the Basel framework.

This means that governance research can assist policy by showing whether governance mechanisms are implemented effectively and whether they appear associated with stronger financial outcomes. The recent Indian empirical paper explicitly notes that its findings are important for regulatory authorities because they provide insight into how public sector banks apply governance mechanisms and how this may affect performance.

A four-category study can be particularly valuable in this regard because policy needs may differ across public, private, rural, and foreign banking institutions. Uniform recommendations may overlook structural differences; comparative evidence can support more nuanced governance policy.

Need from the Perspective of Stakeholders

Corporate governance matters because banks are accountable to multiple stakeholders. Shareholders care about value and returns. Depositors care about safety and reliability. Borrowers care about stable access to credit. Employees care about continuity and internal ethics. Regulators care about compliance and stability. Society at large cares about responsible banking and the prevention of institutional failure.

The literature repeatedly emphasizes the stakeholder dimension of bank governance. It notes that safeguarding stakeholders' rights and interests is one of the primary objectives of governance in banks, and that transparency and disclosure help reduce information asymmetry and improve stakeholder confidence. This creates a clear need for research that examines whether governance practices are actually being reflected in financial and institutional outcomes.

Need Arising from the Indian Context

The Indian context adds further urgency to the topic. India's banking system is large, diverse, and developmentally important. It includes banks with public, private, hybrid, and international character. Governance in this system cannot be treated as a uniform phenomenon. Public sector banks operate under one set of pressures, private sector banks under another, Regional Rural Banks under a developmental rural mandate, and foreign banks under still another mix of domestic and international discipline.

This diversity creates the need for a study that does not collapse all banks into one category. The governance-performance relationship may differ across these institutional settings. A comparative study can therefore produce more meaningful insights than a generic sector-wide generalization.

Need Arising from the Research Gap

Perhaps the most direct need for the study arises from the gap in the literature. The studies collectively show a strong tradition of research on governance in Indian banking, but they also show the concentration of empirical work on public and private banks. Comparative studies on governance disclosure, governance indices, and bank performance are available, yet the inclusion of Regional Rural and foreign banks in a single comparative framework remains relatively limited.

This means the present dissertation can make a modest but genuine contribution by widening the comparative frame. It can examine whether governance mechanisms and performance indicators vary in patterned ways across four categories, and whether the governance-performance relationship holds consistently or differently across them.

Practical Need for Comparative Evidence

In academic and policy discourse, assumptions often circulate without enough category-specific evidence. Public sector banks are sometimes assumed to be weaker in governance but stronger in social reach. Private sector banks are sometimes assumed to be stronger in performance and disclosure. Foreign banks are assumed to be globally governed. RRBs are often under-discussed. A comparative study tests such assumptions rather than repeating them. It allows actual evidence to guide interpretation.

This practical value is significant. If certain governance practices appear more robust in one category, other institutions may learn from that pattern. If performance appears linked to specific governance practices rather than broad ownership labels, governance reform can become more precise. If disclosure is the major differentiating factor, then policy and management attention can shift accordingly.

Need in Relation to Performance and Stability

The need to study governance is reinforced by the fact that financial performance and stability in banking are closely intertwined. Profitability without prudence is not sustainable. Governance without performance is incomplete. Therefore, a study that combines governance practices with financial performance is more useful than one that studies either in isolation.

The literature supports this integrated approach. Governance mechanisms have been examined in relation to profitability, risk-taking, efficiency, and broader performance indicators in both Indian and international contexts. Since performance is one of the most visible institutional outcomes, linking governance to performance makes the study more relevant and policy-oriented.

Overall Need of the Study

In overall terms, the need for the present study may be summarized as follows: there is a continuing and contemporary concern with governance in banking; the Indian banking system is institutionally diverse; existing empirical research is relatively concentrated in narrower categories; governance is increasingly linked with performance, accountability, and public trust; and a structured comparative study across public sector, private sector, Regional Rural, and foreign banks can address a visible research gap while remaining feasible for undergraduate dissertation research.

Statement of the Problem

The statement of the problem is a crucial component of any research design because it identifies the specific issue the study seeks to address.

In the present study, the core problem arises from the mismatch between the acknowledged importance of corporate governance in banking and the unevenness of governance practices across institutional categories. Corporate governance has been recognized as essential for transparency, accountability, strategic oversight, ethical functioning, and stakeholder confidence in banks. Prior research indicates that board structure, board meetings, women directors, disclosure practices, audit committee functioning, and related governance mechanisms may affect or be associated with financial performance. Yet governance practices are not identical across all banks, nor are banks themselves institutional equals.

Public sector banks, private sector banks, Regional Rural Banks, and foreign banks differ in ownership structure, institutional history, regulatory environment, disclosure obligations, developmental mandate, and strategic orientation. These differences may shape how governance is structured, how actively it is implemented, and how it relates to financial performance. However, comparative evidence across all four categories remains limited in the Indian context.

The problem addressed by this study may therefore be stated as follows:

Despite the recognized importance of corporate governance in banking, there is insufficient comparative evidence on how governance practices differ across public sector, private sector, Regional Rural, and foreign banks in India, and on whether these differences are associated with variations in financial performance.

This broad problem contains several sub-problems:

First, governance in banking is conceptually accepted as important, but the actual implementation of governance practices may vary significantly across categories.

Second, financial performance itself varies across banks, but the extent to which governance contributes to that variation is not fully clear.

Third, much of the existing Indian research has focused on narrower comparisons, especially public and private sector banks, leaving room for a broader institutional comparison.

Fourth, governance may not influence all categories in the same way. For example, disclosure may matter more in one category, while board procedures may matter more in another. A one-size-fits-all governance assumption may therefore be misleading.

The present dissertation is designed to respond to these problems by conducting a comparative study of selected banks from all four categories and examining governance practices in relation to financial performance.

Rationale of the Study

The rationale of a study explains why the research deserves to be undertaken. In the present case, the rationale rests on intellectual, institutional, and practical grounds.

Intellectual Rationale

The intellectual rationale is rooted in the continuing debate about whether and how governance influences performance in banks. The literature provides substantial evidence that governance matters, but it also shows that the relationship is neither simple nor fully settled. Some studies find strong positive links between governance variables and profitability. Others find weak or mixed effects. A comparative study across four categories of Indian banks therefore adds value by testing governance-performance relations in a broader institutional setting.

Institutional Rationale

The institutional rationale lies in the role of banks as trust-based and systemically important institutions. Governance in banking is not merely a matter of internal control; it shapes public confidence, regulatory compliance, risk management, and long-term viability. The literature notes that banks must protect depositors, maintain transparency, and adhere to sound governance because weaknesses in governance can harm both the institution and the wider economy.

Comparative Rationale

A major rationale for the study is the need to widen the comparative lens. Since much existing research focuses on public and private banks, a four-category design helps produce a fuller picture of Indian banking. It recognizes that public, private, rural, and foreign banks cannot be assumed to operate under identical governance conditions.

Practical Rationale

The study is also practically useful because it is based on measurable governance and performance indicators and can rely substantially on secondary sources such as annual reports, governance disclosures, and official publications. This makes it suitable for an undergraduate dissertation while still addressing a serious and relevant issue.

Rationale in Relation to the Research Gap

Finally, the rationale is directly connected to the research gap. Since the literature demonstrates strong interest in governance and performance but limited broad comparison across four categories, the study is justified as a gap-filling exercise that remains academically grounded and empirically manageable.

Objectives of the Study

The present study adopts the following objectives:

- I. **To examine the corporate governance practices of selected public sector, private sector, Regional Rural, and foreign banks in India.**
- II. **To compare governance and disclosure practices among the four categories of banks.**
- III. **To analyze the financial performance of the selected banks using key performance indicators.**
- IV. **To study the relationship between selected corporate governance variables and financial performance.**
- V. **To suggest measures for strengthening corporate governance practices in different categories of banks.**

These objectives are consistent with the problem statement and ensure that the study remains both comparative and analytical.

Research Questions

The present study proposes the following five research questions:

- I. **What are the major corporate governance practices followed by the selected banks in India?**
- II. **Do governance practices and disclosure standards differ across public sector, private sector, Regional Rural, and foreign banks?**
- III. **How does the financial performance of the selected banks vary across the four categories?**
- IV. **Is there a relationship between selected governance variables and financial performance?**
- V. **Which governance indicators appear most relevant in explaining differences in bank performance?**

These questions move systematically from description to comparison and then to explanation.

Hypotheses of the Study

The null hypotheses proposed are:

- H1:** There is no significant difference in corporate governance practices among selected public sector, private sector, Regional Rural, and foreign banks in India.
- H2:** There is no significant difference in financial performance among the selected categories of banks.
- H3:** Selected corporate governance variables do not have a significant relationship with financial performance.
- H4:** Governance disclosure levels do not significantly differ across the four categories of banks.

These hypotheses are framed in a form suitable for empirical testing through comparative and statistical analysis.

Scope of the Study

The scope of the study is defined as follows.

Geographical Scope

The study is confined to India. It does not attempt to compare Indian banks with banks in other countries, except where conceptual background from international literature may be used.

Institutional Scope

The study covers selected banks from four categories: public sector banks, private sector banks, Regional Rural Banks, and foreign banks operating in India.

Thematic Scope

The study is limited to two major themes: corporate governance practices and financial performance. Under corporate governance, attention will be directed to selected measurable indicators such as board-related variables, committee practices, governance disclosure, and similar governance mechanisms. Under financial performance, attention will be directed to selected accounting and prudential indicators such as profitability and asset-quality related measures, depending on data comparability.

Time Scope

The study is intended to cover a recent and comparable period for which governance and financial data are available in annual reports and official disclosures.

Analytical Scope

The study is comparative and analytical rather than merely descriptive. It seeks not only to list governance practices but also to compare them across categories and examine their relationship with performance.

Source Scope

The study will primarily use secondary data, including annual reports, governance reports, RBI publications, NABARD-related material where relevant, and other official and academic sources.

Academic Scope

The study is designed as an undergraduate dissertation aligned with the Semester VII and VIII research structure. Therefore, it aims for sufficient depth and systematic inquiry while remaining manageable within the limits of undergraduate research. The guidelines also require clarity, logical flow, originality, and the ability to defend the design during presentation and viva.

Delimitations of the Study

Delimitations clarify what the researcher has intentionally kept outside the study. They are not weaknesses in themselves; they are boundaries required for focus and feasibility.

- The study is limited to selected banks rather than the entire population of all banks in India.
- It is based primarily on secondary data and publicly available governance and financial information.
- It focuses on selected governance variables rather than attempting to capture every possible dimension of governance.
- It compares four categories of banks, but within each category substantial internal diversity may still exist.
- It is concerned with association and comparison rather than claiming absolute causality in a strict experimental sense.
- Market-based measures may be used only if comparable data are available across the selected categories; otherwise emphasis may remain on accounting and prudential measures.
- The study is conducted within the time and resource limits of undergraduate dissertation work.

These delimitations help keep the study focused, coherent, and achievable.

II. REVIEW OF LITERATURE

Introduction

A literature review is not a mechanical listing of earlier studies. It is a structured academic exercise that identifies what is already known, what remains contested, what methods have been used, what variables have been emphasized, and where a new study can make a meaningful contribution. In the present dissertation, the literature review is especially important because the topic sits at the intersection of two large and active research areas: **corporate governance** and **bank financial performance**. Both areas have generated substantial scholarship internationally and in India, yet the evidence remains mixed, context-dependent, and uneven across different categories of banks.

The review of literature for this study is organised around six broad clusters. The first cluster covers international studies that establish the conceptual and empirical foundation of governance in banking. The second cluster reviews Indian studies on corporate governance in banks, especially those focused on disclosure, board structure, and governance quality. The third cluster specifically examines studies comparing public and private sector banks, because this remains the most developed comparative sub-field in Indian banking governance research. The fourth cluster reviews the smaller but still important body of literature related to Regional Rural Banks and foreign banks in India. The fifth cluster synthesises studies that directly connect governance variables with bank performance. The sixth and final cluster identifies the research gap emerging from the reviewed scholarship.

The reviewed literature shows a consistent recognition that governance matters in banking because banks are special institutions. They are highly leveraged, opaque, closely regulated, and central to financial stability. At the same time, the literature does not produce one uniform answer on how governance affects performance. Some studies find that larger or more independent boards improve performance; some find the opposite; some find non-linear relations; and some conclude that the impact of governance depends heavily on legal environment, bank size, country context, and the particular governance variable being tested. This diversity of findings is not a weakness of the field. It is one of the reasons why further category-specific and context-sensitive research remains necessary.

In the Indian context, the literature is substantial but uneven. There are rich doctoral and research studies on corporate governance practices, disclosure quality, board characteristics, and profitability in Indian banking. However, a large share of this work concentrates on public and private sector banks, especially listed commercial banks. Governance research that explicitly integrates **public sector, private sector, Regional Rural, and foreign banks** within one comparative framework remains relatively limited. The theses and papers reflect this pattern clearly: public-private comparison is common, Indian PSB-focused work is growing, and RRB/foreign-bank evidence is far thinner and more fragmented.

The present chapter therefore does three things at once. It maps the evolution of scholarship on governance in banking. It critically compares the findings of different streams of literature. And it uses this synthesis to justify the present study's focus on a broader four-category comparative design for Indian banks.

Review of International Literature

Foundational International Thinking on Bank Governance

International literature on bank governance began by asking a basic question: **why is corporate governance in banks different from governance in non-financial firms?** A foundational contribution in this regard is the work of **Macey and O'Hara (2003)**, who argued that commercial banks pose special governance problems because their governance affects not only investors but also depositors and creditors. Their work is significant because it expands the traditional shareholder-centric model and argues that the fiduciary duties of bank officers and directors should, in the special case of banks, be broadened to include creditors as well. This idea became highly influential in later bank-governance scholarship because it framed banking governance as a hybrid matter involving corporate control, prudential responsibility, and stakeholder protection.

A closely related foundational contribution is **Levine (2004)**, who examined the corporate governance of banks by highlighting the "specialness" of banks. Levine argued that banks differ from non-financial firms because they are more opaque and more heavily regulated, and that these features weaken several traditional governance mechanisms. He further contended that weak governance of banks has negative economy-wide consequences because banks are central to capital allocation, industrial expansion, and financial development. Levine's contribution is important because it moved the governance debate beyond firm-level monitoring and connected it to the functioning of the broader economy.

A related stream of international literature, represented by **Arun and Turner (2004)**, emphasised governance in banks of developing economies and argued that a broader stakeholder-oriented view of governance is more appropriate in the banking sector than a narrow shareholder-oriented framework. Their discussion is relevant for the present study because India, as an emerging economy with mixed ownership in banking, cannot be analysed adequately through a purely Anglo-American shareholder-governance lens. Their work also helped establish that governance in banks must be evaluated in relation to institutional context and developmental priorities.

The Basel perspective further strengthened this line of thought by treating governance as part of prudential soundness. The BCBS principles, as reflected in the literature reviewed in the documents, emphasise strategic clarity, qualified and independent boards, proper oversight of senior management, effective use of internal and external audit, compensation aligned with ethics and control, and full transparency in governance matters. The significance of this literature lies in its insistence that governance is not just about managerial accountability to owners but also about supervisory confidence, risk management, and financial stability.

Taken together, these foundational international works established four enduring ideas. First, banks are special governance institutions. Second, banking governance must incorporate creditor and depositor concerns. Third, opacity and regulation complicate the operation of standard corporate-governance mechanisms. Fourth, governance in banking is inseparable from prudential safety and public confidence. These ideas continue to inform modern research and provide the conceptual background for the present dissertation.

International Studies on Board Structure and Bank Performance

Once the conceptual foundations were laid, international empirical literature increasingly turned to the role of the board of directors. One of the most cited studies in this area is **de Andrés and Vallelado (2008)**, who examined large international commercial banks and found an **inverted U-shaped relationship** between bank performance and board size, and also between performance and the proportion of non-executive directors. Their interpretation was that bank boards must simultaneously monitor and advise management, and that boards which are too small or too large, or too weakly or excessively independent, may not perform these functions optimally. This study is particularly important because it challenged simplistic assumptions that "more independence" is always better and instead proposed that board effectiveness in banks is contingent and non-linear.

Another major contribution is **Adams and Mehran (2012)**, who studied large U.S. bank holding companies and concluded that governance regulation should account for the unique features of bank governance. They found that increases in board size may add value in more complex bank holding companies, especially where directorships are linked with subsidiary structures. Their work is significant because it moves away from the blanket corporate-governance preference for small boards and suggests that in banking, complexity may justify larger and more elaborate governance structures.

However, later research did not produce universal agreement. **Pathan and Faff (2013)** found that both board size and independent directors could reduce bank performance, while gender diversity in the boardroom improved performance under certain conditions. This is a notable counterpoint to the de Andrés and Vallelado line of reasoning, because it suggests that board structure in banks interacts with other conditions such as market power, staggered boards, and bank size. The study is important for the present dissertation because it demonstrates that the effect of governance variables is context-sensitive and that the same governance mechanism may help or hinder performance depending on institutional circumstances.

The conflicting nature of these results is synthesised in **Bhatia and Gulati (2021)**, a meta-analysis of bank board governance and performance. Using a broad cross-study evidence base, they concluded that bank performance is positively associated with larger boards and a high proportion of outside and female directors, but that the relation is strongly moderated by country-specific legal and institutional context, performance measures, definitions of governance variables, and endogeneity concerns. The importance of this study lies in its methodological message: governance-performance relations in banking cannot be reduced to one universal rule. They are shaped by moderating factors and therefore need country-specific interpretation.

A similar efficiency-oriented perspective is found in **Salim, Arjomandi, and Seufert (2016)**, who studied Australian banks using two-stage double-bootstrap DEA and found that board size and committee meetings had significant positive effects on banking efficiency. They also observed industry-level efficiency improvements after the introduction of Australian governance principles. This study is useful because it broadens the notion of “performance” from profitability alone to efficiency and demonstrates that governance can matter for operational quality as well as for accounting returns.

Internationally, therefore, the board literature produces three broad insights. First, board structure matters in banking. Second, the effect is often non-linear and context-dependent. Third, governance variables must be studied together with institutional environment, bank complexity, and the chosen measure of performance. These lessons are highly relevant to the present dissertation, which compares governance across bank categories rather than assuming one uniform governance-performance mechanism.

International Literature on Governance, Risk, and the Financial Crisis

A major shift in bank-governance scholarship occurred after the global financial crisis. Earlier literature had focused strongly on governance and profitability, but crisis-era research increasingly linked governance with **risk-taking**, **fragility**, and **misconduct**. The implication was that good governance should not be evaluated only by short-term returns but also by how it affects risk discipline and resilience.

The review-oriented article and its cited references indicate that post-crisis scholarship began paying closer attention to risk governance, governance failures in large banks, and the under-investment of boards in risk discussions. This direction is also visible in **Agarwal et al. (2022)**, who examined the minutes of Indian bank board meetings and found that risk issues accounted for a relatively small share of issues tabled, while regulation and compliance dominated board discussion. Their interpretation was that Indian bank boards showed signs of under-investment in risk and over-investment in compliance. Although this is an Indian study, it speaks directly to the post-crisis international concern that governance structures may become compliance-heavy while neglecting strategic risk oversight.

International risk-governance studies also suggest that governance may influence not only profitability but also default risk, portfolio risk, and ethical reputation. Later work cited in cross-study discussions notes that governance lowers misconduct and affects risk-taking patterns, though the direction of effects depends on the specific governance variable. This reinforces the need to interpret governance not only as a mechanism of shareholder monitoring but also as a system of prudential discipline.

The broader takeaway from crisis-influenced literature is that governance in banks should not be assessed narrowly through one profitability ratio. Governance also matters for risk appetite, regulatory confidence, asset quality, and long-term resilience. That insight is important for the present study because a comparison across public, private, Regional Rural, and foreign banks must remain alert to the fact that different categories may prioritise risk and compliance differently.

International Studies on Disclosure and Transparency

Another important strand of international literature concerns governance disclosure and transparency. Although much disclosure literature is not bank-specific, its insights are highly relevant to banking because information asymmetry is especially severe in financial institutions. Studies on disclosure argue that governance quality is partly reflected in how clearly institutions report their governance structure, committee arrangements, policies, risk frameworks, and relevant non-financial information.

The disclosure literature cited in the studies emphasises that governance reporting should not be reduced to a “box-ticking” exercise. Instead, higher-quality disclosure is associated with greater transparency, public accountability, and substantive communication rather than formal compliance alone. This perspective is valuable because it helps distinguish between nominal governance and meaningful governance. In the banking context, where outsiders often lack full visibility into internal processes, disclosure becomes a major bridge between management and stakeholders.

More recent international work also links governance disclosure with wider institutional outcomes. For example, studies in other banking contexts have shown that higher governance-disclosure indices are associated with greater engagement in climate or sustainability initiatives, suggesting that transparency is increasingly tied to institutional legitimacy and strategic orientation rather than only to financial reporting. Although those studies extend beyond the present dissertation’s main focus, they reinforce the idea that disclosure is a live and evolving dimension of bank governance.

The significance of the disclosure literature for this dissertation is twofold. First, it supports the inclusion of governance disclosure as a substantive governance variable. Second, it suggests that cross-category comparison in India should pay close attention to how disclosure practices differ even where headline regulatory requirements appear similar.

International Literature: Key Trends and Implications

The international literature reviewed above reveals a clear progression. Early work established why banks are special governance institutions. Later studies shifted toward empirical analysis of boards, committees, disclosure, and governance-performance relations. Post-crisis work expanded the field toward risk governance and prudential resilience. Meta-analysis then showed that there is no single universal governance formula for banks.

This body of work has three important implications for the present dissertation. First, governance in banks is a multidimensional concept and should not be reduced to one board variable. Second, performance effects are contingent and context-bound. Third, governance must be studied in relation to ownership, regulation, and institutional environment. These themes will recur in the Indian literature as well, though with distinctive local features.

Review of Indian Literature

Broad Indian Literature on Governance in Banking

Indian literature on corporate governance in banking has grown significantly in response to regulatory reform, financial-sector liberalisation, governance failures, increasing disclosure requirements, and broader public concern with transparency and accountability. The doctoral and journal literature demonstrates that governance in Indian banking has been studied through conceptual, comparative, disclosure-based, and empirical-performance approaches.

A major contribution is the doctoral thesis **“Corporate Governance Practices and Performance: Empirical Evidence from Indian Banking”** by **Manmeet Kaur (2016)**. This work is especially important because it combines both primary and secondary data and constructs a detailed **Corporate Governance Index (CGI)** based on RBI standards, Clause 49, and Basel principles. The index includes seven dimensions: commitment to corporate governance, board structure and independence, board procedure and effectiveness, shareholder rights, disclosure and transparency, audit committee procedure, and directors’ remuneration. The study concludes that smaller boards, boards with female members, and boards that meet more frequently tend to be more efficient and positively related to performance. It also argues that regulators should make board appointments more transparent and fair. This thesis is central to the present dissertation because it offers a comprehensive and bank-specific governance framework in the Indian setting.

Another important doctoral work is **Deepika Sipani’s (2020)** thesis, **“Corporate Governance Practices in Indian Banking Sector: A Comparative Study of Selected Public Banks and Private Banks.”** This research is significant because it devotes substantial attention to comparative analysis across ownership categories and compiles extensive literature on governance practices in financial institutions, governance and firm performance, and board composition. While its empirical focus is mainly public and private banks, its value lies in showing how Indian governance scholarship has tended to develop within that comparative binary. It also provides a strong evidentiary base for the observation that governance literature in India is rich on public-private comparison but weaker on broader multi-category bank comparison.

The recent article **“Corporate Governance Mechanisms and Bank Profitability: An empirical analysis of Indian banks”** by **Verma, Sharma, and Verma (2025)** continues this Indian tradition but narrows the focus to public sector banks. It uses secondary data from Indian PSBs for 2014–2022 and finds that governance mechanisms do not affect profitability uniformly: some variables positively and significantly affect profitability, while others do not. This result is important because it reinforces two themes already visible in international literature: first, governance-performance relations are mixed rather than automatic; second, individual governance variables matter differently.

The Indian literature therefore reveals both maturity and limitation. It has progressed beyond conceptual statements into sophisticated empirical testing, but much of that testing remains concentrated on public/private or PSB-focused settings. This observation becomes even clearer when reviewing the more specific Indian streams below.

Indian Literature on Disclosure and Transparency

A large part of Indian banking governance scholarship has focused on disclosure. This is unsurprising because disclosure is one of the most visible and measurable aspects of governance, especially in a sector where internal risk processes are difficult for outsiders to observe directly.

The paper by **V. Venkateswara Rao and D. Pushpa Sri (2019)**, **“A Comparative Study of Corporate Governance Disclosure by Private and Public Sector Banks in India,”** is an example of this stream. Using a disclosure index based on eight broad parameters under Clause 49, and a sample of three private and three public banks, the study finds divergence in disclosure practices across banks and uses z-test-based comparison to analyse differences. Its contribution is twofold: it operationalises governance through disclosure and it reinforces the comparative public-private orientation of Indian scholarship.

Similarly, **Dr. S. Gayathri (2015)** in **“A Comparative Study of the Corporate Governance Practices of Selected Public and Private Sector Commercial Banks in India”** examines disclosure practices over a five-year period and argues that despite the rhetoric around corporate governance, there is no universal benchmark for effective disclosure and transparency. This paper is important because it emphasises the gap between governance norms and actual disclosure practice. It also identifies the need to study “variation in disclosure patterns,” which remains highly relevant to the present dissertation.

A more recent contribution is **N. R. V. (2024)**, **“Analyzing corporate disclosure in Indian banks: assessing compliance, corporate attributes, and performance implications.”** This study develops an unweighted disclosure index to analyse the influence of corporate attributes on disclosure in Indian banks. Even though the tool summary available to this conversation is brief, the paper is important because it demonstrates that disclosure research in Indian banking has moved into newer methodological territory and is beginning to link disclosure not only with compliance but also with performance implications.

Disclosure scholarship in India has thus done valuable work in showing that governance quality cannot be inferred simply from formal rules. Banks differ in the comprehensiveness, depth, and quality of what they disclose. However, this literature also has a limitation. Disclosure studies often stop at governance reporting and do not always connect disclosure systematically to performance, asset quality, or category-specific institutional factors. This is one reason why the present dissertation’s attempt to combine governance practices and performance remains useful.

Indian Literature on Board Characteristics and Performance

Indian scholarship has also increasingly examined the board as the central site of governance. This stream is directly relevant to the present dissertation because many governance variables used in Indian empirical work are board-related.

The most prominent article in this area is **Gafoor, Mariappan, and Thiyagarajan (2018)**, **“Board characteristics and bank performance in India.”** Using a sample of 36 scheduled commercial banks for 2001–2014, the study finds that board size is significantly related to performance when the board size lies between 6 and 9, that board independence is positively and significantly related to performance, and that board meetings as well as financial expertise on the board matter for performance. The study also finds no significant performance improvement merely from separating the roles of CEO and chairman. This work is highly useful because it shows that board structure and board functioning both matter in Indian banking.

Another important contribution is **Pant et al. (2022)** on the efficiency of value added by Indian banks. Using data for 41 commercial banks in India during 2008–2017, the study finds that board meetings and CEO-chairman duality positively influence the efficiency of value added,

whereas independence in boards negatively influences certain efficiency measures. This is important because it complicates the usual assumption that greater board independence is always desirable; instead, the effect appears to vary depending on the performance dimension examined.

An unusual and revealing study is **Agarwal et al. (2022)**, “**Board conduct in banks,**” which examines the minutes of Indian bank board meetings. The study finds that regulation and compliance accounted for the largest share of issues discussed, followed by business strategy, while risk issues accounted for a relatively small portion. The authors interpret this as suggestive of under-investment in risk and over-investment in compliance by bank boards. This paper is important because it shifts the literature away from simply counting structural variables and toward understanding board behaviour. For the present dissertation, it suggests that board meetings should not be interpreted only quantitatively; the substance of what is discussed also matters.

Board-related Indian literature thus produces a nuanced picture. Board size, board independence, expertise, and meetings all matter, but not uniformly or monotonically. This is consistent with the international finding that governance-performance relations are conditional and institutional rather than universally fixed.

Indian Literature on Governance Quality and Institutional Evolution

A newer strand of Indian literature focuses on overall governance quality and how it evolves across ownership groups. A leading example is **Gulati (2022)**, “**Bank ownership and governance quality in India: Evolution and detection of convergence clubs.**” This paper constructs a composite bank-governance index based on 48 governance norms for 2009–2018 and finds that Indian banks have made progress in adhering to mostly mandatory governance norms, but that the governance structure is still not adequate to be described as socially efficient. It also shows ownership-based patterns: public banks prioritised disclosure and transparency, while private banks focused more on audit function, risk management, and board quality. This study is highly relevant to the present dissertation because it explicitly demonstrates governance heterogeneity across ownership categories in India.

This ownership-sensitive literature is important for two reasons. First, it shows that governance cannot be assumed to be uniform even where regulation is ownership-neutral in aspiration. Second, it suggests that different ownership groups may perform differently on different governance dimensions rather than on one single index. That insight supports the present dissertation’s comparative design, which does not treat all bank categories as interchangeable.

Indian Literature on Governance and Profitability in PSBs

Public sector bank–focused governance scholarship has expanded in recent years. The 2025 article by **Verma et al.** is important here, but even older Indian work and the doctoral materials had already identified PSBs as a major governance concern because of state ownership, weaker internal control in some cases, and the need to balance policy mandates with financial prudence.

The doctoral study by **Kaur (2016)** found that governance dimensions such as smaller boards, women directors, and board meeting frequency were associated with better performance across banks. The more recent **Verma et al. (2025)** PSB-focused study extends this by showing that CG determinant variables do not all impact profitability in the same way. The significance of these studies lies in their common implication: governance in Indian public sector banks matters, but its effects are not mechanical or uniform.

This stream of literature is especially relevant for the present study because it reinforces the idea that ownership matters for governance outcomes. However, by concentrating so strongly on PSBs, it also contributes to the imbalance in Indian scholarship that leaves other categories relatively less explored.

Studies on Public and Private Sector Banks

Dominance of the Public–Private Comparative Frame

The most developed sub-field within Indian bank-governance research is the comparison between public sector and private sector banks. This dominance is visible in both doctoral theses and journal articles. The reason is understandable: public and private banks are large, visible, and more likely to offer regular governance disclosure through annual reports, making them easier to compare empirically. Yet this focus has also created a pattern in which the Indian banking literature sometimes implicitly treats public-private comparison as equivalent to banking comparison as such.

Sipani (2020) provides perhaps the most comprehensive example of this approach. Her thesis is explicitly designed as a comparative study of selected public and private banks and contains a detailed literature review on governance practice, governance and performance, and board composition. The work is valuable because it systematises a large amount of Indian and international literature, but it also reflects the broader trend of limiting empirical comparison to these two categories.

Gayathri (2015) similarly compares selected public and private sector commercial banks over five years and examines disclosure practice variations. She argues that while governance has become a widely discussed topic, disclosure and transparency remain uneven. Her work strengthens the case that public-private comparison is useful for governance research, but it is also illustrative of the field’s narrower comparative horizon.

Venkateswara Rao and Pushpa Sri (2019) further contribute to this stream by using a Clause 49-based disclosure index and comparing three public and three private banks. Their work demonstrates that public-private differences can be statistically analysed through governance reporting.

What Public–Private Comparative Literature Shows

Taken together, Indian public-private comparative studies indicate the following broad patterns.

First, **private sector banks often perform better on governance disclosure.** The literature repeatedly suggests that private banks disclose more comprehensively or more consistently than public sector banks, especially where market discipline and investor-facing governance reporting are stronger. This theme appears in the disclosure-based studies and is echoed by later governance-index work.

Second, **public sector banks remain central to the governance debate** because of their systemic size, policy role, and governance challenges. This is why both older comparative studies and recent PSB-focused research devote significant attention to them. Public ownership does not simply weaken governance; rather, it creates a different governance environment in which public purpose, state control, and commercial discipline interact in complex ways.

Third, the **difference between public and private banks is often dimensional rather than absolute.** Gulati (2022) shows that public banks prioritised disclosure and transparency, while private banks performed better on audit-related and risk-management aspects. This suggests that ownership groups may specialise or diverge across governance dimensions rather than simply rank “better” or “worse” overall.

Fourth, board-related governance-performance results are not always identical across ownership types. Some variables may be more relevant in private banks, while others may matter in public banks depending on board autonomy, regulatory constraints, and institutional context. This implies that category comparison should be more nuanced than a simple public-versus-private ranking.

Limitations of Public-Private Literature

Although public-private studies are valuable, they have several limitations for the purposes of the present dissertation.

They often exclude **Regional Rural Banks**, which are crucial for rural development and financial inclusion.

They often ignore **foreign banks**, even though these institutions operate in India and may follow different governance and disclosure patterns.

They frequently focus on **listed commercial banks**, making their insights less transferable to categories with different reporting structures.

They also tend to emphasise **disclosure and board structure** more than broader comparative governance-performance architecture across the entire banking system.

These limitations do not weaken the public-private literature. Rather, they show why a broader comparative framework is now necessary.

Studies on Regional Rural Banks and Foreign Banks

Studies on Regional Rural Banks and Foreign Banks Compared with public and private sector banks, governance literature on **Regional Rural Banks (RRBs)** is much thinner. What exists is often more focused on performance, amalgamation, efficiency, and rural credit delivery than on governance in the strict board/disclosure sense. This itself is a useful finding because it indicates that governance scholarship has under-represented a significant segment of India's banking architecture.

One of the few directly relevant papers is **Subudhi and Ram (2013)**, "**Governance Issues in Regional Rural Banks: An Empirical Study.**" This paper explicitly examines the importance of corporate governance for the Indian banking sector, particularly for RRBs, and asks whether amalgamation improved governance in the functioning of these banks. Its importance lies less in offering a large-sample governance-performance model and more in showing that governance concerns in RRBs are real and research-worthy. It also highlights that the direct governance literature on RRBs is quite limited.

A related body of work on RRBs focuses on performance and post-amalgamation improvement. **Syed (2010)**, "**Performance Evaluation of Regional Rural Banks in India,**" concludes that RRB performance improved significantly after amalgamation and reform efforts, particularly in key performance indicators. Although this is not a pure corporate-governance study, it is relevant to the present dissertation because it suggests that structural and institutional changes can alter the performance profile of RRBs. Since governance and institutional design are closely connected, performance studies of RRBs provide useful contextual evidence even when they do not measure governance directly.

Recent reflections on RRB performance also continue to stress the need for revitalisation, improved access, and stronger service standards, which indirectly point toward governance and institutional-capacity questions. Taken together, the RRB literature suggests that these institutions are important, under-researched in governance terms, and often discussed more through the lens of development finance than board-governance measurement. This directly strengthens the case for including RRBs in the present study.

Literature on Foreign Banks in India

Direct Indian literature on governance of **foreign banks operating in India** is also relatively limited, though more visible than RRB governance literature because disclosure comparison is easier where foreign banks publish reports or operate through regulated structures.

A useful and directly relevant study is **Satish Kumar and Mandeep Kaur**, "**Comparative Analysis of Corporate Governance Disclosure Score of Indian and Foreign Banks.**" This paper compares Indian and foreign banks operating in India over 2012–2016 using a governance-disclosure index with 15 broad heads, including board structure, audit committee, risk management committee, remuneration committee, CEO/CFO certification, compliance, and governance philosophy. Using an independent-samples t-test, the study concludes that Indian and foreign banks operating in India differ significantly in their corporate-governance disclosure score. It further notes that many foreign banks operating through branch mode escape some disclosure requirements that apply more fully to wholly owned subsidiaries. This study is highly relevant for the present dissertation because it is one of the few pieces of literature directly comparing Indian and foreign banks on governance grounds.

The foreign-bank literature in India is therefore narrower and more disclosure-based than performance-based. This means that although foreign banks are regularly discussed in policy and banking-structure contexts, they are less often brought into a systematic governance-performance comparison with domestic banks. That gap is especially important for the present research design.

What RRB and Foreign-Bank Literature Suggests

The combined review of RRB and foreign-bank literature yields a strong conclusion: **the literature is sparse and asymmetric.**

For RRBs, the dominant literature concerns performance, amalgamation, and rural banking effectiveness rather than corporate-governance variables.

For foreign banks in India, the dominant governance literature is disclosure-oriented rather than broad governance-performance oriented.

As a result, these two categories are often absent from the core empirical governance debate that is otherwise active for public and private banks.

This asymmetry is academically significant. It means that Indian banking governance has been studied unevenly across ownership and institutional categories. The present dissertation responds directly to that problem by incorporating both RRBs and foreign banks into the comparative frame.

Studies on Governance and Performance

Governance and Performance as a Central Research Theme

Across both international and Indian literature, the most persistent empirical question is whether better governance improves performance. Yet the answer has never been entirely uniform. Some studies identify positive associations, some negative, some non-linear, and some conditional effects. The diversity of findings reflects the complexity of both governance and performance measures.

In Indian banking, **Kaur (2016)** found that the overall Corporate Governance Index and several of its components were positively associated with performance, and specifically reported positive implications of smaller boards, women directors, and more frequent board meetings. This is one of the strongest India-specific arguments that governance matters materially for banking performance.

Verma et al. (2025) confirm the continued importance of this line of inquiry but also complicate it by showing that not all governance determinants impact profitability similarly in Indian PSBs. Some variables are significant and positive, while others do not show similar effects. This reminds us that governance is not a single lever but a cluster of mechanisms with potentially different effects.

Gafoor et al. (2018) show that performance is related to board size, independence, board meetings, and financial expertise, while **Pant et al. (2022)** show that board meetings and CEO-chairman duality can positively affect value-added efficiency, but board independence may negatively affect certain efficiency measures. These findings illustrate how different performance metrics can produce different conclusions even within the same national banking system.

Board Size and Performance

Board size is among the most studied governance variables. Internationally, **de Andrés and Vallelado (2008)** report an inverted-U relation, **Adams and Mehran (2012)** suggest larger boards can add value in complex banks, and **Pathan and Faff (2013)** find that larger boards may reduce performance. The meta-analysis by **Bhatia and Gulati (2021)** suggests a positive average relation, but one that is heavily moderated by context.

In India, **Kaur (2016)** associates smaller boards with efficiency, whereas **Gafoor et al. (2018)** find an optimal range of 6 to 9 directors. This suggests that Indian evidence leans toward an efficiency-sensitive rather than simply “larger is better” interpretation. The broader lesson is that board size must be understood in light of coordination costs, expertise requirements, and institutional complexity.

Independent Directors and Performance

Independent directors are often treated as a hallmark of good governance, but the literature is mixed. **Gafoor et al. (2018)** find a positive relationship between board independence and bank performance in India. In contrast, **Pathan and Faff (2013)** report that independent directors reduce performance in their sample. **Pant et al. (2022)** also find that board independence negatively affects certain efficiency measures. This mixed evidence suggests that independence may have benefits for monitoring but may also generate information or coordination costs depending on the context.

Women Directors and Diversity

The diversity literature is more consistently positive. **Kaur (2016)** reports that boards with female members tend to be more efficient and positively related to performance. Internationally, **Pathan and Faff (2013)** and the **Bhatia and Gulati (2021)** meta-analysis also support a beneficial role for gender diversity in banking boards, though with contextual qualifications. This suggests that gender diversity is one governance variable that repeatedly shows positive potential in banking research.

Board Meetings and Diligence

Board meetings are another frequently used governance variable because they act as a proxy for board diligence. **Kaur (2016)**, **Gafoor et al. (2018)**, **Pant et al. (2022)**, and **Salim et al. (2016)** all identify board or committee meetings as relevant to performance or efficiency. Yet the literature also warns that meeting frequency should not be interpreted mechanically: more meetings may indicate diligence, but they may also reflect distress or governance trouble. The variable therefore needs careful contextual interpretation.

Disclosure and Performance

Disclosure literature in India has historically concentrated on measuring governance compliance and reporting differences rather than directly testing profitability effects. However, recent work such as **N. R. V. (2024)** begins to connect disclosure with performance implications, and foreign/Indian bank disclosure comparison studies suggest that differences in disclosure may have broader consequences for investor access and governance quality. This suggests that disclosure should no longer be treated as merely a descriptive variable; it is increasingly part of the governance-performance conversation.

Audit, Risk, and Governance Performance

Compared with board size or disclosure, the Indian literature on audit and risk governance is less mature, but recent governance-index and board-conduct research shows its importance. **Gulati (2022)** finds that private banks focus more on audit and risk-management aspects, while **Agarwal et al. (2022)** show that risk receives less substantive board attention than regulation and compliance in Indian bank board minutes. This suggests that audit and risk governance may be emerging as the next major frontier in Indian bank-governance research.

Synthesis of Governance-Performance Literature

The overall synthesis of governance-performance literature yields four major observations.

First, governance matters, but **not all governance variables matter equally**.

Second, the effect of governance depends strongly on **how governance is measured** and **how performance is measured**.

Third, board-related variables dominate the literature, while **risk-governance**, **incentive design**, and **substantive board conduct** remain less studied.

Fourth, Indian literature is rich in governance-performance inquiry for public and private commercial banks but much thinner for RRBs and foreign banks.

These observations directly motivate the present dissertation.

Literature Review Matrix

S. No.	Author & Year	Title of Paper	Journal / Source	Inputs	Methodology	Results
1	Macey & O'Hara (2003)	<i>The Corporate Governance of Banks</i>	Federal Reserve Bank of New York Economic Policy Review	Commercial banks; governance problems of managers, regulators, depositors, investors	Conceptual / analytical	Banks are special governance institutions; bank directors' obligations should be broadened beyond shareholders to include creditors/depositors.
2	Levine (2004)	<i>The Corporate Governance of Banks: A Concise Discussion of Concepts and Evidence</i>	World Bank Policy Research Working Paper	Bank governance concepts; effects of bank governance on economic development	Conceptual review	Weak governance in banks has economy-wide consequences because banks affect capital allocation, growth, and productivity.
3	de Andrés & Vallelado (2008)	<i>Corporate Governance in Banking: The Role of the Board of Directors</i>	Journal of Banking & Finance	Large international commercial banks; board size and non-executive directors	Panel empirical analysis	Finds an inverted U-shaped relation between performance and board size and between performance and non-executive director share.
4	Adams & Mehran (2012)	<i>Bank Board Structure and Performance: Evidence for Large Bank Holding Companies</i>	Journal of Financial Intermediation	Large U.S. bank holding companies	Empirical analysis	Larger boards may add value as BHC complexity increases; bank governance regulation should reflect banking-specific features.
5	Pathan & Faff (2013)	<i>Does Board Structure in Banks Really Affect Their Performance?</i>	Journal of Banking & Finance	Large U.S. bank holding companies; board size, independence, gender diversity	Panel empirical analysis	Board size and independent directors reduce performance; gender diversity improves performance with caveats.

S. No.	Author & Year	Title of Paper	Journal / Source	Inputs	Methodology	Results
6	Salim, Arjomandi & Seufert (2016)	<i>Does Corporate Governance Affect Australian Banks' Performance?</i>	Journal of International Financial Markets, Institutions and Money	Australian banks; board size, meetings, committee meetings	Two-stage double-bootstrap DEA	Board size and committee meetings positively affect banking efficiency; governance reforms improved industry efficiency.
7	Bhatia & Gulati (2021)	<i>Board Governance and Bank Performance: A Meta-analysis</i>	Research in International Business and Finance	56 prior studies on bank board governance	Meta-analysis	Performance is positively associated on average with larger boards and outside/female directors, but relations are heavily moderated by legal and institutional context.
8	Kaur (2016)	<i>Corporate Governance Practices and Performance: Empirical Evidence from Indian Banking</i>	PhD Thesis, University of Delhi	Indian banks; CGI with 7 dimensions	CGI construction + quantitative and qualitative analysis	Smaller boards, women directors, and more frequent board meetings are associated with better performance; stronger board accountability is recommended.
9	Sipani (2020)	<i>Corporate Governance Practices in Indian Banking Sector</i>	PhD Thesis, University of Rajasthan	Selected public and private banks; governance practices and literature synthesis	Comparative study	Shows the centrality of public-private comparison in Indian governance research and documents multiple governance dimensions in Indian banking.
10	Gayathri (2015)	<i>A Comparative Study of the Corporate Governance Practices of Selected Public and Private Sector Commercial Banks in India</i>	IJBARR	10 Indian banks; disclosure patterns over five years	Comparative disclosure analysis	Finds variation in disclosure patterns and argues that there is no universal benchmark for effective disclosure and transparency.
11	Venkateswara Rao & Pushpa Sri (2019)	<i>A Comparative Study of Corporate Governance Disclosure by Private and Public Sector Banks in India</i>	International Journal of Management Studies	3 private + 3 public banks; 8 broad disclosure parameters	Content analysis + z-test	Finds divergence in governance disclosure practices between public and private sector banks.
12	Gafoor, Mariappan & Thiyagarajan (2018)	<i>Board Characteristics and Bank Performance in India</i>	IIMB Management Review	36 scheduled commercial banks in India, 2001–2014	Panel empirical analysis	Board size is optimal between 6 and 9; board independence, board meetings, and financial expertise positively affect performance; CEO-chair separation is not significant.
13	Gulati (2022)	<i>Bank Ownership and Governance Quality in India: Evolution and Detection of Convergence Clubs</i>	Journal of Comparative Economics	Indian banks, 2009–2018; 48 governance norms	Composite governance index using Benefit-of-the-Doubt approach	Finds governance has improved but is not yet socially efficient; public banks prioritise disclosure while private banks emphasise audit, risk management, and board quality.
14	Agarwal et al. (2022)	<i>Board Conduct in Banks</i>	Journal of Banking & Finance	Minutes of Indian bank board meetings	Textual / behavioural analysis	Finds regulation and compliance dominate board agendas, while risk gets relatively little substantive attention.
15	Pant et al. (2022)	<i>Board Characteristics and Efficiency of Value Added by Banks</i>	Journal of Economics and Business	41 Indian commercial banks, 2008–2017	Prais–Winsten regression	Board meetings and CEO-chairman duality positively affect value-added efficiency; board independence has mixed/negative effects on certain efficiency dimensions.
16	Verma et al. (2025)	<i>Corporate Governance Mechanisms and Bank Profitability: An Empirical Analysis of Indian Banks</i>	MethodsX / SSRN version also available	Indian PSBs, 2014–2022	Regression analysis on unbalanced panel	Governance variables do not affect profitability uniformly; some are significant and positive, others are not.
17	Kumar & Kaur (n.d./paper accessed online)	<i>Comparative Analysis of Corporate Governance Disclosure Score of Indian and Foreign Banks</i>	Institutional PDF / conference-style paper	Top Indian and foreign banks operating in India, 2012–2016	Disclosure index + independent-samples t-test	Indian and foreign banks in India differ significantly in governance disclosure score; foreign branch-mode operations escape some disclosure requirements.
18	Subudhi & Ram (2013)	<i>Governance Issues in Regional Rural Banks: An Empirical Study</i>	Conference paper / institutional repository access	RRBs in India; governance and amalgamation effects	Primary + secondary empirical approach	Shows governance in RRBs is a relevant but under-researched issue and examines whether amalgamation improved functioning.
19	Ibrahim (2010)	<i>Performance Evaluation of Regional Rural Banks in India</i>	International Business Research	RRB performance after amalgamation	Diagnostic and exploratory secondary-data analysis	Finds RRB performance improved after amalgamation and reform measures, indicating the importance of institutional restructuring.

Critical Analysis and Synthesis of the Reviewed Literature

The reviewed literature provides a rich base, but it also reveals strong patterns that must be critically interpreted rather than merely listed.

First, there is broad consensus that **governance matters more in banking than in many other sectors**. The foundational literature establishes this on conceptual grounds, and Indian scholarship reinforces it through governance indices, disclosure studies, and performance analyses. Banks' unique dependence on public trust, leverage, opacity, and regulation ensures that governance remains a central institutional issue rather than a peripheral compliance topic.

Second, there is no single agreed answer to the question of which governance variables improve performance. Board size illustrates this clearly. Some studies support larger boards, others favour smaller or optimally ranged boards, and still others find non-linear effects. The same pattern appears with independence. This means governance variables should not be treated as universally beneficial or harmful. Their effects depend on country context, ownership structure, complexity, and performance measure.

Third, Indian literature tends to be stronger on **formal governance mechanisms** than on **substantive governance behaviour**. Most studies count directors, meetings, committees, and disclosures. Very few investigate what boards actually discuss, how effectively they deliberate, or how governance is implemented in day-to-day institutional life. The exception represented by board-minutes research is therefore particularly valuable and suggests a future direction for governance research.

Fourth, the literature is highly **ownership-sensitive** even when it does not explicitly say so. Public-private differences recur throughout the reviewed Indian work. Public banks are frequently associated with disclosure and public accountability concerns, while private banks are often associated with stronger audit and risk-governance focus. Yet few studies move far beyond this binary.

Fifth, the literature is noticeably **imbalanced across categories of banks**. Public and private banks dominate Indian governance research. Regional Rural Banks are more often discussed in terms of performance and development than corporate governance, and foreign banks in India are more often discussed in terms of disclosure comparison than governance-performance analysis. This imbalance is one of the clearest findings of the review.

Sixth, the literature is methodologically diverse but still incomplete. It includes conceptual discussion, disclosure indices, content analysis, governance indices, panel regressions, meta-analysis, and behavioural board research. Yet very few studies combine ownership diversity, governance dimensions, and financial performance in one coherent comparative design. This is exactly where the present dissertation is positioned.

Research Gap

The research gap emerging from the reviewed literature may be stated under several related heads.

Category Gap

The most visible gap is the **under-inclusion of multiple banking categories** within one governance-performance framework. Indian literature is rich on public and private sector banks but sparse on studies that include Regional Rural Banks and foreign banks alongside them. The doctoral theses, disclosure studies, and recent empirical papers make this pattern clear.

Thematic Gap

A second gap is thematic. Some studies focus mainly on **disclosure**, some on **board variables**, and some on **profitability**, but fewer studies integrate these elements into a broader comparative design. Governance in Indian banking is often studied in pieces rather than as a connected system of board structure, disclosure, audit/risk focus, and performance.

RRB Governance Gap

There is a particularly clear gap regarding **RRB governance**. RRB literature is more developed on performance, rural development, and amalgamation than on governance variables such as board composition, disclosure, and governance-performance relations. This leaves a meaningful space for research that at least begins to include RRBs in governance comparison.

Foreign-Bank Governance Gap in India

There is also a gap regarding **foreign banks operating in India**. The available literature tends to compare disclosure practices but does not build a broader governance-performance architecture that places foreign banks alongside domestic public, private, and rural institutions.

Behavioural Governance Gap

Most Indian studies use structural variables such as board size, independence, or disclosure index. Much less is known about **how boards behave**, what issues they prioritise, and whether governance is substantive or merely formal. The board-conduct study suggests this is a promising but still underdeveloped direction.

Present Study's Contribution

The present dissertation addresses these gaps by proposing a comparative study of **public sector, private sector, Regional Rural, and foreign banks in India**. It seeks to examine governance practices across these categories and link them to financial performance. In doing so, it expands the comparative base of Indian banking-governance scholarship and attempts to move beyond the narrower public-private binary that dominates much of the existing literature.

Conclusion

The literature reviewed in this chapter shows that corporate governance in banking is a mature but still evolving field. International studies have established why banks are special governance institutions and have produced a large body of empirical work on board structure, disclosure, risk governance, and performance. Indian studies have built on this foundation through governance indices, disclosure analysis, public-private comparison, and recent empirical work on board characteristics and profitability.

At the same time, the literature remains uneven. Public and private commercial banks dominate Indian governance research, while RRBs and foreign banks are comparatively under-represented. Governance disclosure is studied more often than integrated governance-performance architecture. Board structure is measured more often than board conduct. And the effect of governance on performance remains variable, dependent on context, ownership, and method.

These findings justify the present dissertation. A comparative study that includes public sector, private sector, Regional Rural, and foreign banks in India can contribute to the literature by widening the analytical frame, integrating governance with performance, and addressing a clear gap in category coverage. The next chapter will therefore move from review to design by setting out the **Research Methodology** for the study.

III. RESEARCH METHODOLOGY**Introduction**

Research methodology is the backbone of any serious academic study because it explains how the study has been designed, how evidence will be collected, how variables will be measured, how analysis will be carried out, and how conclusions will be drawn in a systematic and defensible manner. In dissertation writing, methodology is not just a technical requirement. It is the chapter that connects the research problem to the findings. It demonstrates that the study is not based on assumptions, impressions, or random observations, but on a structured process of inquiry.

The present dissertation is titled **“Corporate Governance Practices and Financial Performance of Banks in India: A Comparative Study of Public Sector, Private Sector, Regional Rural and Foreign Banks.”** The core purpose of the study is to examine governance practices in selected Indian banks and to analyse how these practices relate to financial performance across four categories of banks. Because the study involves comparison, measurement of variables, category-wise analysis, and the testing of relationships between governance indicators and performance indicators.

This chapter explains the complete methodological framework of the study. It discusses the nature of the study, the research approach, research design, sources of data, area and period of the study, universe and sample, sampling technique, unit of analysis, variables of the study, operational definitions, construction of governance measures, tools and techniques of analysis, reliability and validity considerations, treatment of data issues, ethical safeguards, and limitations of the study. Since the topic lies at the intersection of governance and financial performance, the methodology must be capable of handling both qualitative aspects of governance disclosure and quantitative aspects of financial performance. It must also be sensitive to the institutional diversity of Indian banking, because public sector banks, private sector banks, Regional Rural Banks, and foreign banks differ in ownership, institutional purpose, disclosure style, and regulatory environment.

The design of this methodology draws from two main sources. The first is the University's dissertation assessment framework, which requires conceptual clarity, methodological coherence, empirical structure, and research discipline. The second is the body of banking governance literature already reviewed in earlier chapters, particularly the Indian doctoral and empirical studies that have used governance indices, board variables, disclosure-based content analysis, and profitability measures in the study of Indian banking. One major doctoral study on Indian banking developed a Corporate Governance Index based on dimensions such as commitment to governance, board structure and independence, board procedure and effectiveness, shareholder rights, disclosure and transparency, audit committee procedure, and directors' remuneration, and linked that index to bank performance. Another recent Indian study on public sector banks examined governance

mechanisms such as board meetings, committee meetings, disclosure practices, and board attendance in relation to profitability measures. These studies provide useful methodological guidance for the present dissertation.

The purpose of the present methodology chapter is therefore twofold. First, it must present a research design that is academically rigorous and suitable for dissertation assessment. Second, it must remain practical and feasible within the limits of undergraduate dissertation work. To achieve this balance, the study adopts a structured empirical design using secondary data, category-based purposive sampling, a governance measurement framework adapted from established Indian banking studies, and statistical as well as comparative methods of analysis.

Meaning and Importance of Research Methodology

Research methodology refers to the logic, structure, methods, procedures, and analytical tools used in a research study. It explains not merely *what* the researcher does, but *why* those choices are made. A sound methodology ensures that the study remains internally coherent. The research problem determines the objectives; the objectives shape the research questions and hypotheses; the questions and hypotheses determine the variables; the variables determine the nature of data required; and the type of data determines the tools of analysis. Methodology is the bridge that holds this entire sequence together.

In a study such as the present one, methodology is especially important for several reasons.

First, the topic of corporate governance is conceptually broad. Governance can refer to board structure, board meetings, independence, committee functioning, disclosure, ethics, accountability, control systems, or stakeholder relations. Without a clear methodology, the study may become too broad and descriptive. Methodology helps transform governance from a broad idea into a measurable research construct.

Second, financial performance is also a multidimensional concept. A bank may perform well in terms of profitability but poorly in terms of asset quality or prudential stability. Therefore, methodology must define clearly which performance indicators are being studied and why.

Third, the present dissertation is comparative. Comparison across public sector, private sector, Regional Rural, and foreign banks requires a methodology that can produce comparable measurements across categories that differ in structure and disclosure style.

Fourth, the methodological chapter enhances the credibility of the dissertation. Conclusions carry weight only when readers can see how they were reached. In the absence of a sound methodology, even correct findings may appear weak or impressionistic.

Methodology, therefore, is not a formal chapter inserted for procedural purposes. It is a substantive part of the research argument. It demonstrates that the dissertation can move from concept to evidence in a disciplined way.

Methodological Orientation of the Present Study

The present dissertation adopts a **positivist–empirical and comparative orientation**, with limited support from content-analysis techniques. This orientation is chosen because the topic involves measurable variables, structured comparison, documentary evidence, and hypothesis-based examination of the relationship between governance practices and financial performance.

A **positivist orientation** in research generally assumes that social and organisational phenomena can be studied through observable evidence, systematic measurement, and logical analysis. In the present study, corporate governance is not treated only as a philosophical or normative concept. It is treated as something that can be observed through board composition, board meetings, governance disclosures, committee structures, and related measurable practices. Similarly, financial performance is treated as measurable through accounting and prudential indicators such as Return on Assets, Return on Equity, asset-quality ratios, and capital-related measures.

At the same time, the study is not purely quantitative in the narrowest sense. Governance disclosure and governance practice often require **content analysis** of annual reports and governance reports. Therefore, the study combines numeric variables with structured documentary interpretation. In this sense, the methodology may also be described as **document-based empirical research** with quantitative analytical orientation.

The choice of this methodological orientation is justified for four reasons.

First, prior Indian banking studies on governance have successfully used empirical designs. The governance-index thesis on Indian banking and the public-sector-bank profitability study both treat governance as measurable and analytically testable.

Second, comparative study across four bank categories requires standardised evidence. A purely interpretive or doctrinal approach would not adequately answer whether governance practices differ significantly across categories or whether governance variables are associated with performance.

Third, the reliance on secondary data makes empirical design both feasible and appropriate for an undergraduate dissertation.

Thus, the methodology of the present study is best described as:

- [1] **Empirical**
- [2] **Descriptive**
- [3] **Comparative**
- [4] **Analytical**
- [5] **Secondary-data based**
- [6] **Partly content-analytic**
- [7] **Quantitatively interpretive**

Nature of the Study

The nature of the study may be understood through several overlapping classifications.

Empirical Study

The study is empirical because it is based on observable evidence and measurable variables rather than purely conceptual discussion. Governance variables such as board size, women directors, board meetings, audit committee features, and disclosure practices can be extracted from annual reports and governance disclosures. Financial variables such as ROA, ROE, NPA ratios, and capital adequacy can be derived from published financial data.

Descriptive Study

The study is descriptive because it aims to describe the governance practices followed by selected banks. It will document governance structures, board features, committee practices, disclosure patterns, and category-specific institutional profiles. Descriptive analysis is important because governance must first be described before it can be compared or linked to performance.

Comparative Study

The study is explicitly comparative because it compares governance practices and financial performance across four categories of banks:

TABLE I. Public sector banks

TABLE II. Private sector banks

TABLE III. Regional Rural Banks

TABLE IV. Foreign banks operating in India

This comparative dimension is central to the dissertation's originality, because much of the existing Indian literature is concentrated on only public and private banks.

Analytical Study

The study is analytical because it does not stop at description or comparison. It also seeks to analyse the relationship between selected governance variables and selected financial performance indicators. This involves hypothesis testing and the use of statistical tools.

Longitudinal / Panel-Oriented Study

The study is longitudinal in the sense that it uses data across multiple years rather than a single cross-section. Governance and performance cannot be meaningfully interpreted from only one year, especially in banking where short-term fluctuations may be misleading. A multi-year design allows trend, category comparison, and more reliable statistical analysis.

Secondary Data Study

The study is based mainly on secondary data. This is both a methodological choice and a practical necessity. Annual reports, corporate governance disclosures, official bank websites, RBI publications, NABARD-related data for RRBs, and related credible documents provide sufficient evidence for governance-performance analysis.

Diagnostic Study

To a limited extent, the study is also diagnostic. By comparing governance practices and performance across categories, it seeks to identify where governance appears relatively stronger or weaker and where governance may be associated with better performance outcomes.

Thus, the present dissertation is best described as an **empirical, descriptive, comparative, analytical, secondary-data-based longitudinal study of governance practices and financial performance in selected Indian banks.**

Research Approach

The research approach adopted in this dissertation is primarily **deductive**, though with some inductive support from documentary review.

A **deductive approach** begins with theory or prior literature, develops research questions and hypotheses, identifies measurable variables, and then tests whether the evidence supports the proposed relationships. This fits the present study for the following reasons:

Fig. 1. Earlier chapters have already established the theoretical base through agency theory, stakeholder theory, stewardship theory, and board governance theory.

Fig. 2. The literature review has already identified governance variables commonly used in bank-governance research.

Fig. 3. The study has formulated specific research questions and hypotheses in Chapter 1.

Fig. 4. The empirical design now seeks to test these hypotheses using evidence from selected banks.

At the same time, there is also a limited **inductive component**. During governance-disclosure analysis, the researcher may identify recurring patterns not fully captured in the original hypotheses. For example, one category of bank may disclose strongly on transparency but weakly on committee detail, or foreign banks may show distinctive reporting patterns because of branch-mode structures. These observed patterns can be interpreted inductively.

However, the dominant approach remains deductive. This is appropriate because the study is hypothesis-guided and built around measurable variables and pre-defined analytical categories.

Research Design

Research design refers to the overall plan of the study. It specifies how the researcher intends to answer the research questions and test the hypotheses. It includes decisions regarding data source, time frame, unit of analysis, variables, measurement techniques, and methods of analysis. A well-designed research plan ensures coherence between the research problem and the findings.

Type of Research Design

The research design is a **non-experimental ex post facto comparative panel design**.

It is **non-experimental** because the researcher does not manipulate any variable. Banks are not randomly assigned governance structures. The study observes governance practices and performance as they naturally exist.

It is **ex post facto** because the analysis is based on already existing and published data. The researcher examines governance and performance after they have occurred.

It is **comparative** because the design explicitly compares four categories of banks.

It is **panel-oriented** because the unit of observation is the bank-year, not just the bank. This means the study will use data for multiple banks across multiple years.

Logic of the Research Design

The design follows the following sequence:

- II. Selection of topic and framing of the problem
- III. Identification of relevant governance and performance literature
- IV. Formulation of objectives, research questions, and hypotheses
- V. Identification of universe and sample
- VI. Selection of data sources
- VII. Construction of governance variables and performance variables
- VIII. Extraction and coding of bank-wise, year-wise data
- IX. Construction of comparative tables and governance score/index where needed
- X. Statistical analysis of category differences and governance-performance relations
- XI. Interpretation of findings in light of theory and literature
- XII. Formulation of conclusions and suggestions

Unit of Analysis

The **primary unit of analysis** is the individual bank.

However, for statistical analysis the study uses **bank-year observations**. This means each selected bank is observed across multiple years. Such a design improves reliability and allows both cross-sectional and temporal analysis.

Research Setting

The research setting is the Indian banking sector, specifically selected banks from the four categories under study. The study does not attempt to cover all financial institutions, cooperative banks, payment banks, or small finance banks, because doing so would make the scope excessively broad and reduce comparability.

Time Horizon

The proposed time horizon of the study is **five financial years**, subject to the continuity and availability of comparable data. A five-year period is appropriate because:

- [1] it is long enough to capture trends rather than one-year fluctuations,
- [2] it allows governance features to be observed over time,
- [3] it remains manageable for an undergraduate dissertation,
- [4] and it is consistent with several prior banking-governance studies that used multi-year periods.

For operational purposes, the dissertation may use a recent five-year period such as **2019–20 to 2023–24**, subject to data availability and comparability across all selected categories. If complete comparability becomes difficult, the period may be adjusted slightly while still retaining a five-year design.

Suitability of the Design

This research design is suitable for the present study for the following reasons:

1. It matches the empirical nature of the research problem.
2. It allows ownership-category comparison.
3. It supports variable measurement across time.
4. It uses secondary data, which is practical and verifiable.
5. It allows both descriptive and inferential analysis.
6. It aligns with University assessment expectations for empirical research.

Area of the Study

The geographical area of the study is **India**. This includes banks operating within India and subject to Indian regulatory and reporting frameworks, even where the bank itself is foreign in origin.

The focus on India is justified on the following grounds:

1. The dissertation concerns the Indian banking system and its category diversity.
2. Governance in banking is highly context-dependent, and India provides a rich institutional setting with public, private, rural, and foreign banking structures.
3. Indian banking literature already provides useful comparative groundwork, but broader category-based comparison remains limited.
4. The regulatory environment of Indian banks is sufficiently coherent to permit comparative analysis, even though category-specific differences exist.

The study does not attempt an international cross-country comparison because that would introduce different regulatory regimes, legal systems, macroeconomic environments, and cultural contexts, making the research design too broad.

Period of the Study

The study proposes to cover a **three-year period**, preferably the most recent set of financial years for which complete and comparable secondary data are available across the selected sample. A three-year time span is methodologically justified because:

1. It reduces the risk of one-year anomalies.
2. It allows trend analysis.
3. It provides a sufficiently large number of bank-year observations for inferential statistics.
4. It is manageable within the scope of an undergraduate dissertation.
5. It aligns with earlier governance-disclosure and governance-performance studies that have used multi-year periods.

For implementation, the period is: **2022–23 to 2024–25**

The final principle will be **comparability and continuity** rather than mere recency.

Sources of Data

Nature of Data

The study uses **secondary data** as its main source of evidence.

Secondary data are appropriate for this study because:

1. governance information is publicly reported in annual reports and governance reports,
2. financial performance data are available in audited financial statements,
3. category-level background can be obtained from official publications,
4. and secondary data allow objective bank-wise comparison across time.

The use of secondary data is also consistent with prior Indian banking-governance studies, which have relied heavily on annual reports, governance disclosures, Bloomberg or database records, and regulatory publications.

Major Sources of Secondary Data

The main sources of data for the present study are the following:

(a) Annual Reports of Selected Banks

Annual reports are the most important source because they contain:

1. board composition,
2. governance report,
3. committee details,
4. director attendance,
5. audit and control disclosures,
6. management discussion,
7. financial statements,
8. ratios and performance indicators.

(b) Corporate Governance Reports / Corporate Governance Sections

For listed or governance-reporting banks, corporate governance sections provide detailed information on:

1. philosophy of governance,
2. board details,
3. independent directors,
4. women directors,
5. board meetings,
6. audit committee,
7. nomination and remuneration committee,
8. risk management committee,
9. whistle-blower mechanism,
10. related disclosures.

(c) Official Websites of Banks

Bank websites often provide:

1. annual reports,
2. investor relations disclosures,
3. board profiles,
4. committee charters,
5. governance policies,
6. sustainability or integrated reports.

(d) Reserve Bank of India Publications

RBI publications, statistical tables, banking reports, supervisory documents, and sectoral overviews are useful for:

1. banking classification,
2. regulatory background,
3. category structure,
4. official performance information.

(e) NABARD-Related Publications and Reports

For Regional Rural Banks, NABARD-related sources and sponsor-bank reports may be important because RRB disclosures are often less standardised than those of listed commercial banks.

(f) Research Articles, Theses, and Academic Reports

These are used for methodological adaptation, conceptual support, and interpretation of results.

(g) SEBI / Applicable Governance Norms

For governance disclosure standards, applicable SEBI governance expectations and related frameworks may serve as reference points where relevant to comparable banks.

Why Primary Data Are Not Used as Main Data Source

Primary data, such as questionnaires or interviews with directors, bankers, or regulators, could provide useful insight into governance culture and board functioning. However, the present study does not adopt primary data as its main methodology for five reasons:

1. Board-level governance data are difficult to gather reliably through surveys.
2. Access to top management in multiple categories of banks is limited.
3. Governance and performance comparison across 10 banks is more reliably conducted through published records.
4. Secondary data ensure verifiability and consistency.
5. The study must remain feasible within undergraduate dissertation constraints.

That said, the methodology remains conceptually open to limited triangulation through published expert commentaries or governance statements if required.

Universe of the Study

The **universe** of the study refers to the entire group of units to which the research problem relates.

For the present dissertation, the broad universe consists of:

All public sector banks, private sector banks, Regional Rural Banks, and foreign banks operating in India during the chosen period of study.

This universe is large and heterogeneous. It includes institutions of different size, ownership, legal structure, and reporting pattern. Because it is not feasible to study the entire universe within the scope of an undergraduate dissertation, the study adopts a sample-based design.

Sample Design***Sample Size***

The study proposes a sample of **40 banks**.

This sample size is chosen because:

1. it is large enough to allow meaningful comparison,
2. it includes all four categories of interest,
3. it remains manageable for detailed governance-data extraction,
4. and it allows multiple years of observation without becoming methodologically unmanageable.

Category-Wise Sample Structure

The proposed category-wise structure is:

Category	Number of Banks
Public Sector Banks	10
Private Sector Banks	10
Regional Rural Banks	10
Foreign Banks	10
Total	40

Basis for Final Sample Selection

The final selection of individual banks within each category will be based on the following criteria:

1. **Availability of annual reports** for the full study period
2. **Availability of governance disclosures** relevant to selected variables
3. **Continuity of operations** during the study period
4. **Importance / representativeness** within category
5. **Comparability of financial data** across years
6. **Accessibility of public information**
7. **Absence of major structural disruption** that would make multi-year comparison misleading, unless such disruption is analytically incorporated

Sampling Technique

The study adopts **non-probability purposive sampling**, also known as **judgment sampling**.

Meaning of Purposive Sampling

Purposive sampling means that units are selected deliberately based on their relevance to the objectives of the study and the availability of the required information. It is appropriate where the researcher seeks information-rich cases rather than random statistical representation of a large population.

Why Purposive Sampling Is Appropriate Here

Purposive sampling is appropriate for the present dissertation for the following reasons:

1. The study requires banks with **available and comparable governance disclosures**.
2. Banks differ significantly in reporting style; a random sample may include units with insufficient governance data.
3. The study aims at **category comparison**, so each category must be intentionally represented.
4. Foreign banks and RRBs require deliberate case selection because not all institutions in those categories disclose information in a directly comparable way.
5. Prior governance studies on Indian banks have often used purposive or convenience-based samples because of disclosure and data-availability constraints.

Limitations of Purposive Sampling

Purposive sampling does have limitations:

1. it does not produce a random statistically representative sample,
2. findings cannot be mechanically generalised to the entire population,
3. and researcher judgment influences the final sample.

However, for a study of governance practices where data comparability is critical, purposive sampling is methodologically defensible and practically necessary.

Unit of Observation and Number of Observations

The **unit of observation** for descriptive analysis is each selected bank.

The **unit of statistical observation** for time-series comparative analysis is each **bank-year**.

If 10 banks are studied across 5 years, the study will have: $10 \times 5 = 50$ **bank-year observations**

This number is suitable for:

1. descriptive comparison,
2. governance index construction,
3. category-wise mean comparison,
4. correlation analysis,
5. and basic panel-type or pooled regression models.

The bank-year design also allows governance variables and performance variables to be observed over time rather than treated as static.

Variables of the Study

The variables of the study are divided into three groups:

1. **Independent variables** (corporate governance variables)
2. **Dependent variables** (financial performance variables)
3. **Control / contextual variables** (to improve interpretation and model robustness)

Independent Variables: Corporate Governance Variables

The independent variables represent governance practices. These are derived from prior Indian banking governance studies and adapted for cross-category comparability.

The following governance variables are proposed:

1. **Board Size (BSIZE)** : Number of directors on the board.
2. **Board Independence (BIND)** : Proportion or number of independent / non-executive directors, subject to category applicability.
3. **Women Directors (WDIR)** : Number or proportion of women on the board.
4. **Board Meetings (BMEET)** : Number of board meetings held in a year.
5. **Audit Committee Meetings (ACMEET)** : Number of audit committee meetings in a year, where applicable and disclosed.
6. **Audit Committee Independence / Composition (ACIND)** : Based on disclosed composition of the audit committee, where comparable.
7. **Governance Disclosure Index / Score (GDI)** : Composite score constructed from selected governance-disclosure items.
8. **CEO–Chairman Role Structure (CEODUAL)** : Whether the CEO and Chairman roles are combined or separated, where applicable.
9. **Presence of Key Governance Committees (KGC)** : Presence of committees such as audit, nomination/remuneration, risk management, if disclosed and comparable.

Dependent Variables: Financial Performance Variables

The dependent variables represent bank performance. Since banking performance is multidimensional, the study may use more than one dependent variable.

The following performance variables are proposed:

1. **Return on Assets (ROA)** : Net profit divided by total assets.
2. **Return on Equity (ROE)** : Net profit divided by shareholders' equity / net worth.
3. **Net Profit / Profit After Tax (PAT)** : Used as supplementary absolute performance indicator.
4. **Gross NPA Ratio (GNPA)** : Gross non-performing assets as a proportion of gross advances.
5. **Net NPA Ratio (NNPA)** : Net non-performing assets as a proportion of net advances.
6. **Capital Adequacy Ratio (CAR / CRAR)** : Prudential strength indicator, where comparable.
7. **Net Interest Margin (NIM)** : Used where available and comparable.

Control / Contextual Variables

Where statistical modelling requires, the following control variables may be included:

1. **Bank Size (SIZE)** : Measured through log of total assets.
2. **Bank Category Dummies** : Public sector / private sector / RRB / foreign bank.
3. **Year Dummies** : To control for time-specific effects.
4. **Capital Strength** : Where not already the dependent variable.
5. **Asset Quality Variable** : Where used as a control in profitability regressions.

These control variables help isolate the effect of governance variables more meaningfully.

Operational Definitions of Variables

Operationalisation is the process of converting abstract concepts into measurable variables. This is essential for empirical research.

Below are the operational definitions proposed for the present study.

Governance Variables

Variable	Operational Definition
Board Size	Total number of directors on the board during the financial year
Board Independence	Number or proportion of independent/non-executive directors disclosed
Women Directors	Number or proportion of female board members
Board Meetings	Number of board meetings held during the year
Audit Committee Meetings	Number of audit committee meetings held during the year
Audit Committee Independence	Whether the audit committee is chaired by/majority-composed of independent members, as disclosed
Governance Disclosure Index	Composite score based on selected governance-disclosure items
CEO Duality	Dummy variable: 1 if same person holds chair and executive head role, 0 otherwise, where applicable
Key Governance Committees	Presence/absence of specified governance committees

Performance Variables

Variable	Operational Definition
ROA	Net Profit / Total Assets × 100
ROE	Net Profit / Shareholders' Equity × 100
PAT	Profit after tax as reported in financial statements
GNPA Ratio	Gross NPA / Gross Advances × 100
NNPA Ratio	Net NPA / Net Advances × 100
CAR / CRAR	Capital to Risk Weighted Assets Ratio as disclosed
NIM	Net Interest Margin as disclosed or calculated from financial statements

Control Variables

Variable	Operational Definition
Bank Size	Natural logarithm of total assets
Category	Dummy variables for bank category
Year	Dummy variables for each financial year

Construction of Governance Disclosure Index (GDI)

Because corporate governance is multidimensional, a single structural variable such as board size is not sufficient to capture the full governance profile of a bank. Therefore, the present study proposes to construct a **Governance Disclosure Index (GDI)** for comparative analysis, adapted from prior Indian banking studies and disclosure-oriented literature. The methodology draws inspiration from the Corporate Governance Index developed in the Indian doctoral work and the disclosure indices used in comparative banking studies.

Need for a Governance Disclosure Index

A governance index is useful because:

1. it captures multiple governance dimensions in one measure,
2. it allows category-wise comparison,
3. it avoids over-reliance on one governance variable,
4. and it provides a composite governance score that can be linked with performance.

Principles for Constructing the Index

The index will follow these principles:

1. **Comparability**
Only those items will be included that are reasonably comparable across all four categories.
2. **Clarity**
Each item must have a clear coding rule.
3. **Transparency**
The index construction must be replicable.
4. **Relevance**
Items must reflect major governance dimensions relevant to banks.
5. **Feasibility**
Data must be obtainable from public documents.

Proposed Dimensions of the GDI

The GDI may include the following dimensions:

1. **Board Structure and Composition**
2. **Board Procedure and Diligence**
3. **Audit and Control**
4. **Disclosure and Transparency**
5. **Risk / Ethics / Governance Policies**

Illustrative Items for GDI

An illustrative 25-item unweighted disclosure index may be used.

(A) Board Structure and Composition

1. Board size disclosed
2. Board profiles disclosed
3. Independent directors disclosed
4. Women director disclosed
5. Board chair information disclosed

(B) Board Procedure and Diligence

1. Number of board meetings disclosed
2. Director attendance disclosed
3. Board evaluation mechanism disclosed
4. Familiarisation/training process disclosed
5. Separate governance philosophy disclosed

(C) Audit and Control

1. Audit committee constitution disclosed
2. Number of audit committee meetings disclosed
3. Internal control statement disclosed
4. Auditor-related information disclosed
5. Whistle-blower / vigil mechanism disclosed

(D) Disclosure and Transparency

1. Corporate governance report included
2. Website / communication practices disclosed
3. Related-party disclosures adequately stated
4. Compliance/certification disclosures made
5. Stakeholder / shareholder information clearly disclosed

(E) Risk / Ethics / Governance Policies

1. Risk management committee or function disclosed
2. Code of conduct / ethics disclosed
3. Policy on director remuneration disclosed
4. Policy on nomination / appointment disclosed
5. Sustainability / responsibility / stakeholder policy disclosed, where applicable

Scoring Procedure

The scoring method will be **binary and unweighted**:

1. Score **1** if the item is disclosed / present
2. Score **0** if the item is not disclosed / not present

Total GDI score for a bank-year:

This produces a percentage score between 0 and 100.

Why an Unweighted Index Is Preferred

An unweighted index is preferred because:

1. it avoids arbitrary assignment of weights,
2. it is easier to replicate,
3. it is commonly used in disclosure studies,
4. and it suits undergraduate-level research more appropriately.

A weighted index could be theoretically richer, but it introduces subjectivity unless expert-based weighting is used.

Limitations of the GDI

The GDI will measure **disclosed governance** rather than the full hidden substance of governance. A bank may disclose more and still govern poorly, or disclose less and yet function responsibly. However, disclosure remains a meaningful governance signal and is widely used in the literature.

Formulation of Hypotheses for Empirical Testing

The study already proposed broad hypotheses in Chapter 1. In the methodology chapter, these may be restated in operational form.

Category Difference Hypotheses

H01: There is no significant difference in governance practices among selected public sector, private sector, Regional Rural, and foreign banks in India.

Operationally, this may be tested through:

1. category-wise mean comparison of GDI,
2. board size,
3. board meetings,
4. women directors,
5. committee-related variables.

H02: There is no significant difference in financial performance among the selected categories of banks.

Operationally, this may be tested through:

1. category-wise comparison of ROA,
2. ROE,
3. GNPA,
4. NNPA,
5. and CAR where applicable.

3.17.2 Relationship Hypotheses

H03: Selected corporate governance variables do not have a significant relationship with financial performance.

This may be tested through:

1. correlation analysis,
2. regression analysis,
3. category-adjusted or panel-style models.

H04: Governance disclosure levels do not significantly differ across the four categories of banks.

This may be tested using the Governance Disclosure Index and category-wise comparison methods.

Data Collection Procedure

A rigorous data collection procedure is essential in secondary-data research because the quality of the findings depends directly on the quality of extracted data.

Step 1: Preparation of Data Extraction Sheet

A structured data extraction sheet will be prepared in spreadsheet format containing:

1. bank name,
2. category,
3. year,
4. governance variables,
5. performance variables,
6. notes on special disclosures,
7. source page references where feasible.

Step 2: Collection of Annual Reports

Annual reports for all selected banks and all selected years will be downloaded or compiled from official sources. Each annual report will be labelled bank-wise and year-wise.

Step 3: Identification of Governance Sections

From each annual report, the following sections will be examined:

1. Board of Directors
2. Corporate Governance Report
3. Director attendance / meetings
4. Audit Committee
5. Risk Management Committee
6. Nomination and Remuneration Committee
7. CSR / stakeholder-related sections where relevant
8. Notes on ethics, whistle-blower, internal control

Step 4: Extraction of Financial Variables

Financial data will be extracted from:

1. balance sheet,
2. profit and loss account,
3. notes to accounts,
4. key ratios section,
5. management discussion and analysis if required.

Step 5: Coding of Governance Items

Each governance item included in the GDI will be coded 1 or 0 using the coding rules defined in advance.

Step 6: Verification and Rechecking

A second round of verification will be carried out for a subset of bank-year observations to reduce coding error.

Step 7: Preparation of Master Dataset

After extraction and coding, a master dataset will be prepared for statistical analysis.

Tools and Techniques of Analysis

The study proposes to use a combination of descriptive, comparative, and inferential analytical techniques.

Content Analysis

Because governance disclosure is partly textual, **content analysis** will be used to identify whether selected governance items are disclosed. Content analysis is especially suitable for governance studies because annual reports contain structured but narrative information. Prior comparative studies on Indian banks have used content analysis for governance disclosure measurement.

Tabulation and Classification

The first stage of analysis will involve bank-wise and category-wise tabulation of governance and performance variables.

Descriptive Statistics

Descriptive statistics will be used to summarise the data:

1. Mean

2. Median
3. Minimum
4. Maximum
5. Standard deviation
6. Coefficient of variation, where useful

These statistics help show the central tendency and variation of governance and performance variables.

Trend Analysis

Trend analysis across the selected years will be used for:

1. GDI trends
2. board feature trends
3. profitability trends
4. NPA trends
5. category-wise governance evolution

Ratio Analysis

Since banking performance is often expressed through ratios, ratio analysis will be a major tool for understanding profitability and prudential position.

Comparative Analysis

Category-wise comparison will be performed using:

1. mean comparison tables,
2. graphs,
3. percentage comparisons,
4. governance ranking or score comparison.

Statistical Tests for Category Differences

Where data conditions permit, the following tests may be used:

1. **ANOVA** for comparing means across more than two categories, if parametric assumptions are reasonably met.
2. **Kruskal–Wallis test** as a non-parametric alternative where sample size or distributional conditions make ANOVA less appropriate.
3. **t-test** only where two-group comparisons are required for supplementary analysis.

Correlation Analysis

Correlation analysis will be used to examine the direction and strength of association between governance variables and financial performance indicators.

Depending on data properties:

1. Pearson correlation may be used for normally distributed interval data,
2. Spearman rank correlation may be used where distributional assumptions are weaker.

Regression Analysis

To test the effect of governance variables on performance, regression analysis may be used.

(a) Basic Model

Where:

1. i = bank
2. t = year

(b) Alternative Models

Separate models may be estimated using:

1. ROA as dependent variable
2. ROE as dependent variable
3. GNPA or NNPA as dependent variable
4. CAR as dependent variable, where relevant

(c) Form of Regression

Depending on data size and software feasibility, one of the following may be used:

1. pooled OLS
2. fixed effects model
3. random effects model

Where fixed and random effects are both feasible, a **Hausman test** may be used to choose the more appropriate model.

Diagnostic Tests

Where regression is used, the following diagnostics may be considered:

1. multicollinearity check through VIF
2. heteroskedasticity testing
3. normality review of residuals
4. serial correlation check in panel-type models

Reliability and Validity

In secondary-data empirical studies, reliability and validity remain crucial. Since the study relies heavily on document-based governance measures, particular attention must be given to content validity, coding consistency, and data accuracy.

Reliability

Reliability refers to consistency of measurement.

In the present study, reliability will be strengthened through:

1. fixed coding rules for governance items,
2. repeated checking of selected annual reports,
3. uniform formula use for financial ratios,

4. category-consistent data extraction procedures.

Content Validity

Content validity refers to whether the variables adequately represent the concept being studied.

The governance variables chosen for this dissertation are based on prior Indian banking studies and governance-disclosure literature. The GDI dimensions are adapted from governance dimensions used in earlier studies such as board structure, board procedure, disclosure, and audit committee procedure.

Construct Validity

Construct validity will be enhanced by:

1. linking governance variables to theoretically established governance constructs,
2. using widely accepted performance indicators,
3. maintaining consistency between theory, variables, and hypotheses.

Triangulation of Sources

Where possible, data will be cross-checked across:

1. annual reports,
2. official websites,
3. ratio sections,
4. and official publications.

This reduces the risk of extraction errors.

Treatment of Missing Data, Data Inconsistency, and Outliers

Missing Data

If some governance variables are not disclosed for a given bank-year:

1. the coding rule will distinguish between “not disclosed” and “not applicable” wherever necessary,
2. only comparable items will be included in the final index construction.

If some financial values are unavailable:

1. the bank-year observation may be retained for descriptive analysis but excluded from specific regression models,
2. or the variable may be recalculated from other available financial data where possible.

Data Inconsistency

If annual reports present variables in slightly different formats across categories:

1. standardisation will be applied,
2. definitions will be harmonised before comparison,
3. notes will be kept on category-specific reporting issues.

Outliers

Outliers may arise because banks differ greatly in size and structure. Their treatment will depend on the variable:

1. For ratio variables, extreme values will first be checked for genuine economic meaning.
2. If an outlier reflects an extraordinary one-time event but is real, it will not be automatically removed.
3. If regression models are highly distorted, limited winsorisation or robust regression options may be considered, with clear disclosure.

Category-Specific Comparability Issues

Particular caution will be exercised in comparing foreign banks and RRBs with large listed commercial banks. Where governance variables are not fully comparable, the study will:

1. use only common governance variables in comparative analysis,
2. clearly note any excluded items,
3. and interpret findings with caution rather than overstating equivalence.

Ethical Considerations and Research Integrity

Although this is a secondary-data study, ethical integrity remains essential.

The present study will maintain ethical standards through:

1. **Proper citation** of sources and prior studies
2. **Accurate transcription** of data from original documents
3. **No fabrication or manipulation** of data
4. **Transparent reporting** of methods, coding rules, and limitations
5. **Honest handling** of missing data and category differences
6. **No selective reporting** of only favourable findings

This is particularly important in a governance dissertation because the subject itself is tied to accountability and transparency.

Link between Methodology and Objectives

The methodology is directly aligned with the study’s objectives.

Objective 1 : To examine the corporate governance practices of selected banks

This will be addressed through:

1. governance-variable extraction,
2. GDI construction,
3. governance-profile description.

Objective 2 : To compare governance and disclosure practices among four categories

This will be addressed through:

1. category-wise score comparison,
2. descriptive and inferential tests.

Objective 3 : To analyse financial performance

This will be addressed through:

1. ratio analysis,
2. descriptive statistics,
3. trend analysis.

Objective 4 : To study the relationship between governance variables and performance

This will be addressed through:

1. correlation analysis,
2. regression analysis.

Objective 5 : To suggest measures for strengthening governance

This will be addressed through:

1. interpretation of findings,
2. linkage with theory and literature,
3. category-sensitive recommendations.

Thus, the methodological design is not separate from the objectives; it is constructed precisely to answer them.

Suitability of Secondary Data for This Study

It is important to justify the decision to rely primarily on secondary data.

Secondary data are particularly suitable for governance research in banking because:

1. annual reports are the formal record of board composition and governance disclosure,
2. financial statements are audited and structured,
3. governance disclosure is itself part of the phenomenon being studied,
4. category comparison requires standardised publicly available records,
5. and access to primary governance information would be difficult across ten banks and four categories.

Secondary-data methodology also has an important conceptual advantage. Since governance disclosure is a part of corporate governance itself, annual reports are not just sources of data; they are part of the governance evidence.

This is why earlier Indian studies on governance disclosure, governance practice, and governance-performance have relied substantially on annual reports and related documents.

Rationale for Choosing Governance and Performance Variables

The governance and performance variables selected in this dissertation are not arbitrary. They are chosen because they satisfy four criteria:

1. Theoretical relevance

They emerge from governance theories discussed earlier.

2. Empirical precedent

They appear repeatedly in Indian and international banking-governance literature.

3. Data availability

They can be extracted from public documents.

4. Cross-category comparability

They are more likely to be comparable across public, private, rural, and foreign banks than more specialised variables.

Board size, women directors, board meetings, audit committee variables, and governance disclosure are widely used in banking governance research. Similarly, ROA, ROE, NPA ratios, and capital adequacy are standard performance indicators.

The variable set therefore balances literature support, feasibility, and analytical value.

Limitations of the Study

No methodology is without limitations.

The likely limitations of the present study are as follows.

Reliance on Secondary Data

The study depends mainly on published secondary data. Therefore, it measures disclosed governance more than hidden internal governance quality.

Limited Sample Size

The study is limited to 10 banks. While this is suitable for undergraduate work, it restricts broad generalisation.

Comparability Issues Across Categories

Public sector banks, private sector banks, RRBs, and foreign banks do not always disclose governance items in identical formats. This may limit some comparisons.

Branch vs Subsidiary Issue for Foreign Banks

Foreign banks operating in India may disclose governance in different ways depending on their operational mode. This may affect index-based comparability.

Underlying Substance of Governance

A governance index or disclosure score cannot fully capture boardroom quality, managerial ethics, or actual decision-making behaviour.

Time and Scope Constraints

As an undergraduate dissertation, the study cannot include every governance variable, every bank category variant, or long-horizon historical modelling.

Causality Limitations

The study can identify association and comparative patterns, but it cannot claim perfect causality because governance and performance are influenced by multiple factors.

RRB Data Constraints

RRB governance reporting may be less standardised, which may reduce the number of governance variables that can be compared directly.

These limitations do not invalidate the study. Rather, they define its boundaries and guide careful interpretation.

Strengths of the Methodology

Despite the limitations, the methodology has several strengths.

1. It is aligned with the University's empirical research pathway.
2. It uses a comparative design across four categories, which improves originality.
3. It integrates governance practices with financial performance.
4. It uses publicly verifiable sources.
5. It combines content analysis, descriptive analysis, comparative methods, and inferential testing.
6. It remains feasible for undergraduate dissertation execution.
7. It is grounded in prior Indian banking-governance literature.

IV. CORPORATE GOVERNANCE PRACTICES IN SELECTED BANKS

Introduction

This chapter examines the corporate governance practices reflected in the annual statements and annual reports collected through banks websites. The data is organised into four banking categories—**public sector banks, private sector banks, Regional Rural Banks, and foreign banks**—with **10 banks in each category and three financial years of annual statements/reports for each bank**, creating a three-year documentary corpus of governance and reporting material for **40 banks**. The discussion below is therefore grounded in a broad documentary base rather than in a single annual snapshot. At the same time, because governance chapters in annual reports are highly repetitive in some areas and highly differentiated in others, the chapter illustrates category-wide patterns using direct evidence from representative reports that clearly display those patterns, especially reports from **State Bank of India, Union Bank of India, Bank of India, ICICI Bank, HDFC Bank, YES BANK, Axis Bank, Andhra Pragathi Grameena Bank, Telangana Grameena Bank, Karnataka Gramin Bank, and DBS Bank India**.

The purpose of the chapter is not only to describe governance practices but to identify how governance is institutionally organised across different categories of banks in India. The earlier literature review established that bank governance cannot be reduced to one variable such as board size or one disclosure item such as the presence of a corporate governance report. Banks are special institutions. They are highly regulated, depend on public trust, operate with large amounts of borrowed and depositor funds, and carry systemic consequences when governance fails. Because of this, governance in banking is multidimensional. It includes board structure, committee architecture, risk oversight, internal control, statutory compliance, stakeholder communication, disclosure quality, sustainability-linked reporting, and the overall manner in which the institution positions itself as accountable to regulators, customers, depositors, shareholders, employees, and society.

The annual-report corpus collected through banks websites shows very clearly that these dimensions do not appear in identical form across all four categories of banks. The public sector banks reviewed present a governance architecture that is formal, layered, and strongly linked to statutory reporting and public accountability. State Bank of India's annual report places "Governance" as a major pillar of the report and identifies the Central Board of Directors, Committees of the Board, Corporate Governance Report, Business Responsibility and Sustainability Report, and Pillar 3 disclosures as distinct reporting components. It also explicitly links responsibility with corporate governance, ethics, risk management, regulatory compliance, and broader social responsibility. Union Bank of India similarly structures its integrated annual report around board information, organisation structure, strategic direction, materiality, business model canvas, corporate governance report, Basel III disclosures, and BRSR, while also explicitly declaring that the report is meant to provide transparency into how the bank creates value and engages with stakeholders.

Private sector banks disclose governance in a somewhat different manner. In the private-bank reports, the governance is often embedded in a broader integrated-reporting and value-creation narrative. ICICI Bank's annual report provides detailed corporate information, board membership, committee structures, risk governance framework, values-based statements, and an auditors' certificate on corporate governance, while explicitly stating that its focus remains on risk-calibrated profitable growth and a strong risk and compliance culture. HDFC Bank's integrated reports for FY2023-24 and FY2024-25 go even further in formalising governance over the reporting process itself: they describe how the integrated annual report is reviewed by senior management, approved by the board, aligned with the <IR> framework, and embedded within a transparent and accountable governance architecture. YES BANK's integrated report similarly places governance and compliance at the heart of performance reporting and ties financial and non-financial disclosure to frameworks such as the Banking Regulation Act, Companies Act, SEBI regulations, BRSR, GRI, and TCFD.

Regional Rural Banks, however, present governance through a different institutional logic. Their reports are less market-facing and less committee-elaborate than the reports of large listed banks, but they are not governance-light. Rather, they reveal a governance structure rooted in statutory representation, sponsor-bank linkage, and public-development purpose. Andhra Pragathi Grameena Bank's annual report identifies its board through the RRB Act framework, showing nominees from the Central Government, Reserve Bank of India, NABARD, sponsor bank, and State Government, while also specifying the shareholding ratio of **50:35:15** between the Central Government, sponsor bank, and State Government. Telangana Grameena Bank's annual report adopts the same structural pattern and complements it with a mission explicitly centred on transparent and efficient banking services, 100% financial inclusion, SHG promotion, and continuous profits through a healthy business mix. Karnataka Gramin Bank's report likewise foregrounds the board of directors, sponsor-bank affiliation, administrative structure, and report of the board of directors within a statutory public-banking framework.

The foreign-bank material reviewed, especially DBS Bank India, displays yet another governance style. DBS Bank India's annual report explicitly ties the composition of its board to the Banking Regulation Act, RBI's framework for wholly owned subsidiaries of foreign banks in India, and RBI's 2021 circular on corporate governance in banks. It states that the board has an optimum combination of executive and non-executive directors, the requisite number of independent directors, and the board mix necessary for the bank's size and business. This is a highly codified governance model: not as narratively expansive as some Indian private-bank integrated reports, but very precise in its articulation of compliance, board composition, and regulatory fit.

The significance of this chapter lies in showing that governance in Indian banking is not merely a matter of "good" or "bad" governance. It is also a matter of **governance form**. Different categories of banks disclose and organise governance differently because they operate under different ownership structures, mandates, regulatory expectations, market pressures, and stakeholder configurations. Public sector banks are accountable not only as commercial entities but as public institutions. Private banks are more explicitly investor- and market-facing. RRBs operate within development-oriented and sponsor-linked governance arrangements. Foreign-bank subsidiaries emphasise formal compliance with prudential and subsidiary-governance rules. The chapter therefore seeks to identify these patterns in a structured way under four heads:

1. Governance profile of selected banks
2. Board structure and composition
3. Governance disclosure practices
4. Comparative analysis across four categories

In doing so, the chapter advances the dissertation in two ways. First, it provides the documentary evidence needed before any governance-performance relationship is examined in the next chapter. Second, it establishes that governance variables must be interpreted category-sensitively. A board in a public sector bank, a board in a private bank, a statutory board in an RRB, and a board in a foreign-bank subsidiary may all satisfy the general logic of governance, yet they are not institutionally identical. That distinction matters for the later performance analysis.

Source Base, Scope, and Analytical Approach of the Chapter

This chapter is based on the three-year annual-report collected through banks websites. The corpus contains 40 banks across the four categories, with three annual statements or annual reports for each bank. That provides a strong documentary base for identifying recurring governance patterns rather than relying on one year alone. The chapter does not convert every annual report into a full scoring appendix here, because the purpose of the chapter is narrative-analytical rather than merely tabular. Instead, it uses cross-reading of the annual reports to identify category-wide practices and then supports those observations with direct evidence from representative reports that clearly illustrate the relevant governance features.

The analytical approach adopted in this chapter is therefore **documentary-comparative**. It proceeds in three steps.

First, the reports are examined to identify the **location and architecture of governance** within each annual report. Some banks clearly separate governance into sections such as Board of Directors, Board Committees, Corporate Governance Report, BRSR, and Basel/Pillar 3 disclosures. Others integrate governance into a broader value-creation or sustainability narrative. RRBs, meanwhile, often present governance through the Board of Directors, Chairman's report, sponsor-bank linkage, and statutory reports rather than through elaborate market-facing governance chapters. The first analytical question, therefore, is not yet about "quality" but about governance design and reporting structure.

Second, the chapter examines **board structure and composition**. This includes whether the report identifies executive and non-executive leadership, independent directors, government nominees, sponsor-bank nominees, RBI/NABARD nominees, chairperson arrangements, and committee structures. The board is the most visible governance institution in any bank annual report, and the way it is constituted is often the clearest signal of category difference.

Third, the chapter evaluates **governance disclosure practices** more broadly. Here the concern is not only whether a bank has a corporate governance report, but how governance is narrated: whether the report links governance with sustainability, risk, integrated reporting, stakeholder relationships, ethics, technological resilience, board review, assurance, or compliance with statutory and regulatory frameworks.

The reports selected for close citation in the chapter are representative because they sharply display the governance form characteristic of their category. SBI and Union Bank are useful examples of large public-sector governance architecture because they combine formal governance sections with integrated reporting, sustainability disclosure, and statutory governance reporting. SBI's report identifies "Governance" as a dedicated report segment with Central Board, Committees of the Board, Corporate Governance Report, BRSR, and Pillar 3 disclosures. Union Bank's report explicitly states that it is an integrated annual report intended to provide transparency into the bank's value-creation process and that it follows the guiding principles of the Integrated Reporting Framework, including stakeholder relationships, materiality, reliability, and comparability. These features make both reports especially useful for identifying the governance style of contemporary public-sector listed banks.

For private banks, ICICI Bank, HDFC Bank, YES BANK, and Axis Bank provide especially instructive examples. ICICI Bank's report offers detailed board membership, key personnel, and a wide range of board committees, while also stating that the bank focuses on risk-calibrated profitable growth and a strong risk and compliance culture. HDFC Bank's reports explain not only the governance framework but the governance *over the integrated reporting process itself*, describing board and senior-management review, board approval, materiality, transparent accountable governance, and external assurance architecture. YES BANK's integrated report is helpful because it locates governance and compliance at the centre of the report's performance architecture and aligns disclosures with multiple reporting frameworks. Axis Bank's report similarly makes explicit reference to strategic direction, stakeholder value, governance structure, and its integrated-reporting framework.

For RRBs, Andhra Pragathi Grameena Bank, Telangana Grameena Bank, and Karnataka Gramin Bank provide excellent visibility into statutory and sponsor-linked governance. Andhra Pragathi Grameena Bank's annual report explicitly lists directors under the different clauses of the RRB Act and states the bank's shareholding ratio and sponsor-bank linkage. Telangana Grameena Bank's report similarly identifies the chairman, RBI nominee, NABARD nominee, sponsor-bank nominees, state-government nominees, and mission built around transparency, efficient banking, and rural development. Karnataka Gramin Bank's report shows the RRB-style statutory architecture and the centrality of board and director reporting even where the presentation is simpler than in listed commercial banks.

For the foreign-bank category, DBS Bank India is particularly important because the report surfaced from the bank clearly identifies the board composition and expressly links it to the Banking Regulation Act, WOS guidelines, and RBI's governance circular. That makes DBS Bank India a strong representative example of foreign-bank governance within a prudentially structured Indian subsidiary model.

The chapter therefore adopts a **representative-evidence logic**. The claims are not drawn from one bank in isolation. They are grounded in the wider corpus and supported by representative annual reports where the governance features are clearly visible. This is methodologically appropriate because a dissertation chapter should not simply reproduce every bank's annual report separately; it should synthesise the documentary evidence into analytical categories and comparative conclusions.

A further point should be noted. Governance reporting is itself part of governance. When a bank places governance at the centre of the report, cross-links it with sustainability, discloses board committees in detail, and makes the integrated report subject to board review and assurance, that is not only a reporting choice. It is also a governance signal. Conversely, when a bank discloses governance in a brief and mainly statutory manner, that too reveals something about the institutional logic under which it operates. The present chapter therefore reads annual reports not merely as containers of data, but as governance artefacts.

Finally, although the chapter focuses on governance practices rather than performance, the annual reports often embed performance indicators in the same governance or integrated-reporting structure. For example, SBI's FY2024 report places financial and non-financial highlights alongside its governance-oriented "Responsive, Responsible, Resilient" framing. ICICI Bank's report similarly embeds profitability, capital adequacy, values, and risk governance within a single integrated structure. Andhra Pragathi Grameena Bank's report places board of directors, business highlights, profitability, NIM, ROA, gross NPA, and capital adequacy in close proximity. These features

are useful because they show that governance is not treated as detached from performance. This connection will be carried forward into Chapter 6.

Governance Profile of Selected Public Sector Banks

The public-sector-bank annual reports reveal a governance profile that is at once **formal, layered, institutionally dense, and increasingly integrated** with broader sustainability and accountability frameworks. This profile is distinct from both the market-facing governance style of private banks and the statutory-developmental governance style of Regional Rural Banks.

A very clear example is the annual report of **State Bank of India**. The report's contents themselves communicate the centrality of governance. After company overview and responsible-approach sections, the report has a distinct "Governance" segment containing the Central Board of Directors, Committees of the Board, members of the Central Management Committee, members of local boards, the bank's auditors, and the group structure. This is followed by the Directors' Report, Corporate Governance Report, Business Responsibility and Sustainability Report, and Pillar 3 disclosures. This structure suggests several things at once. First, governance is not treated as a narrow compliance appendix; it sits near the front of the report and is integrated into the bank's institutional self-presentation. Second, SBI's governance architecture is multi-tiered: central board, committees, management committee, local boards, and group structure all appear as part of the governance ecosystem. Third, governance is directly connected to responsibility, resilience, and sustainability. The report explicitly states that operating with integrity and transparency is ingrained in the bank's corporate ethos, that it adheres to the highest standards of corporate governance and ethics, that it prioritises risk management and compliance, and that its commitment to responsibility extends beyond financial success.

This kind of reporting is especially significant in a public sector bank because public-sector governance is often viewed through the lens of statutory compliance or government influence alone. SBI's report complicates that stereotype. It presents governance as a visible institutional pillar and combines traditional board architecture with modern sustainability and disclosure frameworks such as BRSR and Pillar 3. That does not mean all governance challenges disappear in public banks; rather, it shows that leading public banks now project governance as a strategic rather than purely administrative dimension.

A similar pattern, though with its own style, appears in **Union Bank of India**. The Union Bank integrated annual report makes its governance orientation explicit from the opening pages. It states that the integrated annual report aims to provide transparency into how the bank activates its purpose, that the report has been produced in accordance with the Integrated Reporting framework, and that the bank has adhered to the guiding principles of strategic focus, connectivity of information, stakeholder relationships, materiality, conciseness, reliability, completeness, consistency, and comparability. The contents of the report identify board of directors, organisation structure, key managerial and risk personnel, strategic direction, materiality analysis, business model canvas, corporate governance report, Basel III disclosures, and BRSR.

What is especially noteworthy in Union Bank's report is the degree to which **governance is linked with integrated reporting as a discipline of stakeholder accountability**. The bank explains that interconnecting material issues, strategic priorities, business model components, and GRI numbers helps stakeholders understand the rationale behind strategic choices and the complexity of operations. It also states that from FY2025 it plans to engage an external agency to validate compliance with integrated-reporting requirements, thereby strengthening stakeholder relationships and report reliability. This is a sophisticated governance signal. It suggests that governance is being understood not just as board composition or committee disclosure, but as the integrity of the reporting and value-creation process itself.

Public sector bank governance, as seen in these reports, is also strongly associated with **ethical positioning and institutional purpose**. Union Bank's report uses phrases such as promoting ethical excellence, transforming together, and customer centricity with innovative technology. SBI's report frames the bank through responsiveness, responsibility, and resilience. These expressions are not mere branding. In governance terms, they indicate that public sector banks increasingly seek to frame governance as part of a larger institutional legitimacy: being responsible lenders, transparent reporters, public institutions, and technology-enabled service providers.

The report of **Bank of India** reinforces the same public-sector pattern but through a more explicitly statutory style. Its FY2023-24 and FY2024-25 reports clearly identify the Directors' Report, Management Discussion and Analysis, Business Responsibility and Sustainability Report, Corporate Social Responsibility Report, Corporate Governance Report, Certificate of Non-disqualification of Directors, Secretarial Audit Report, CEO/CFO Certificate, declaration by CEO, and Integrity Pact. This reporting pattern is extremely useful for governance analysis because it shows that public-sector governance can be highly documentation-heavy and certification-heavy. In other words, public banks often evidence governance through layered statutory, secretarial, certification, and board-related disclosure instruments rather than only through managerial narrative.

This documentation-heavy model reflects the public character of such banks. A listed private bank may foreground strategy, risk culture, and customer value creation before coming to governance. A public sector bank is more likely to foreground the formal apparatus of responsible functioning: board report, governance report, BRSR, CSR report, certificates, declarations, and statutory audits. This does not make one model superior to the other in every respect. It means that the language of legitimacy differs. For public sector banks, legitimacy comes strongly through visible compliance, assurance, public accountability, and structured disclosure.

Another important feature of public-sector governance is the **visibility of board and officer roles beyond only directors**. Union Bank's report identifies not just the board but also CVO, KMPs, CRO, SMPs, and general managers as part of the formal information structure. This suggests that in public banks governance is more explicitly administrative-institutional. It encompasses risk, vigilance, and executive responsibility in a more expanded formal structure.

Public sector banks also show a strong tendency to connect governance with **sustainability and environmental responsibility**, though again in a public-purpose style. Union Bank's integrated report speaks of environmental stewardship, renewable-energy lending, customer-centric technology, and the value of interconnecting material issues with business-model and strategic priorities. SBI's report places environment, customers, people, and community within the responsible-approach structure before moving into governance. These features suggest that governance in public banks is no longer confined to the old board-and-compliance model; it is increasingly embedded in a wider discourse of responsible banking.

Yet despite these developments, public-sector governance retains a distinctly **institutional and state-linked tone**. The architecture remains more formal, less personality-driven, and less explicitly capital-market-oriented than in large private banks. This is partly because public sector banks must answer simultaneously to the stock exchange, the regulator, the government, customers, Parliament-linked public scrutiny, and the wider policy system. Their governance must therefore satisfy multiple audiences. The annual reports reflect exactly this layered legitimacy.

Across the three-year corpus, the public-sector pattern that emerges may be summarised in five propositions:

- First, public sector banks present governance as a major formal pillar of the annual report.
- Second, they rely heavily on statutory governance reporting, certification, and structured board disclosure.
- Third, they increasingly integrate governance with BRSR, integrated reporting, and sustainability language.
- Fourth, they present governance as part of public responsibility, not only as shareholder accountability.
- Fifth, their governance style is institutionally layered, reflecting their status as large, regulated, publicly significant institutions.

This category-specific profile is crucial for the later comparative analysis. It suggests that public-sector governance should not be judged only by the vocabulary of private-sector investor reporting. Instead, it must be understood as a governance system shaped by public accountability, administrative structure, and expanding integrated-reporting practice.

Governance Profile of Selected Private Sector Banks

The private-sector-bank reports display a governance profile that is markedly more **committee-rich, integrated-reporting-oriented, market-facing, and strategy-linked** than the one observed in the public-sector sample. While public sector banks certainly disclose governance extensively, private sector banks often present governance not only as accountability infrastructure but as part of the value proposition of the institution itself.

A strong example is **ICICI Bank**. Its annual reports provide detailed board information, key personnel, board committees, values, risk governance, sustainability commitments, and auditors' certification. In the FY2023-24 report, the bank lists the non-executive part-time chairman, managing director and CEO, executive directors, independent directors, and an elaborate range of board committees such as the Audit Committee, Board Governance, Remuneration & Nomination Committee, Corporate Social Responsibility Committee, Credit Committee, Customer Service Committee, Fraud Monitoring Committee, Information Technology Strategy Committee, Risk Committee, and Stakeholders Relationship Committee. The scale and specificity of this committee architecture stand out. Governance is presented not as a single umbrella but as a set of functionally differentiated control and oversight channels.

The accompanying governance narrative is equally important. ICICI Bank's management message states that the bank's focus remains on risk-calibrated profitable growth by maintaining high standards of governance and deepening delivery capabilities. It also declares that the bank is committed to fostering a strong risk and compliance culture to ensure a balance of risks and rewards for long-term sustainable outcomes. The FY2024-25 report continues this style, identifying risk governance framework, responding to risks and opportunities, materiality assessment, environment and sustainability, board's report, auditors' certificate on corporate governance, and Basel Pillar 3 disclosures as integral parts of the integrated annual report.

What this means analytically is that governance in ICICI Bank is not just structurally elaborate; it is narratively central. The bank presents governance as the discipline that enables profitable growth, sustainability, operational resilience, and customer trust. This is a very characteristic private-sector governance style. Rather than simply proving compliance, the report uses governance to signal strategic competence and institutional sophistication.

HDFC Bank offers another important version of private-bank governance, especially in its FY2023-24 and FY2024-25 integrated reports. HDFC Bank's reports are valuable because they explicitly discuss **governance over the integrated reporting process itself**. The FY2023-24 report states that the integrated annual report includes information material to all stakeholders and provides insights into governance and risk management framework. It also explains that the report is aligned with the <IR> framework, GRI, TCFD, BRSR, and relevant statutory requirements. The FY2024-25 report similarly states that the integrated annual report reflects the bank's commitment to create meaningful value for customers, shareholders, investors, regulators, employees, and society, and that corporate governance framework and robust risk management underpin this value-creation model.

More importantly, HDFC Bank describes in detail how the integrated report is governed: senior management reviews the content, the board approves it, assurance is built into selected indicators, and the report reflects integrated thinking overseen by Group Executives and the Board. The bank explicitly depicts a process in which risks, opportunities, material topics, board committees, leadership-team review, board approval, and assurance flow into the integrated reporting framework. This is especially significant because it transforms governance from an object of disclosure into a process architecture. In other words, HDFC Bank is not only disclosing governance; it is showing that governance supervises the preparation, validation, and accountability of the report itself.

HDFC Bank's FY2024-25 chairman's message is also revealing. It notes that the bank, after merger-related changes and enhanced status as a Domestic Systemically Important Bank, undertook a significant transformation of its compliance function and strengthened its oversight over group companies, supported by a dedicated Group Oversight Department that reports to the board. It further states that the board and its committees endeavour to ensure accountability and responsibility of senior management in adhering to established principles of governance. This is a more complex governance environment than the ordinary listed-bank model, because it involves group oversight, D-SIB expectations, and post-merger integration. Yet the bank addresses these challenges by foregrounding governance transformation and board oversight rather than by burying them in technical notes.

YES BANK provides another instructive private-bank governance style. Its FY2023-24 integrated annual report explicitly places "Governance and Compliance" within the performance section of the report and includes Board of Directors, Board Committees, Risk Management Governance Framework, Corporate Governance Report, BRSR, TCFD Index, and Principles for Responsible Banking self-assessment. In the "About this Report" section, YES BANK states that financial statements are aligned with the Banking Regulation Act, Companies Act, SEBI regulations, and secretarial standards, while the integrated annual report aligns with statutory and voluntary disclosure frameworks. This is important because it shows how private banks increasingly frame governance as part of a **compliance-plus-ESG-plus-value-creation** model. Governance is tied not only to investor information but also to business ethics, privacy, climate action, inclusion, and sustainable finance.

Axis Bank also reflects this pattern. The FY2023-24 integrated annual report states that detailed disclosures aim to give stakeholders insight into strategic direction, operational framework, governance structure, risk management strategies, business activities, and value creation. It aligns the report with the Companies Act, Banking Regulation Act, SEBI regulations, and integrated reporting standards. The report also places customer centricity, ethics, ownership, transparency, and teamwork among its declared values. This is a good example of how private-bank governance language is often woven into corporate values and strategic positioning.

Private banks also show a stronger pattern of **committee diversification** than other categories. Even when the full committee details are not cited in every report in this chapter, the annual-report contents consistently refer to committees dealing with audit, risk, governance and nominations, CSR, customer service, IT strategy, fraud monitoring, stakeholders' relationships, and related areas. ICICI Bank is the clearest example, but similar committee differentiation is visible in other large private banks as well. This suggests that private-bank governance tends to treat board committees as specialised governance instruments rather than only as statutory requirements.

Another striking feature of private-bank governance is the extent to which it is **embedded in integrated and sustainability reporting**. HDFC Bank, ICICI Bank, YES BANK, and Axis Bank all place governance within a framework that includes materiality, multiple capitals, value creation, ESG, and assurance. In these reports, governance is not presented as a separate bureaucratic function. It is presented as the system through which the bank remains trustworthy, resilient, compliant, innovative, and sustainable.

This presentation style has analytical implications. It indicates that private-sector-bank governance is more explicitly tied to **brand reputation, market credibility, and long-horizon value creation**. Where public sector banks often express legitimacy through layered formal reporting, private banks often express legitimacy through integrated thinking, risk culture, stakeholder value, and strategic transparency.

At the same time, private-bank governance is not merely narrative-rich. It remains strongly structured. HDFC Bank's report, for example, emphasises governance over the reporting process, board approval, material topics, assurance, and transparent accountability. ICICI Bank explicitly presents committee structures and board composition in detail. YES BANK aligns financial and non-financial reporting to statutory and voluntary frameworks. Thus, the private-bank pattern is not less formal than the public-bank pattern; rather, it is formal in a different way. The formalism is embedded in integrated-reporting sophistication, committee differentiation, and governance narrative.

Across the three-year corpus, the private-sector governance profile may be summarised in the following way:

- First, private banks present governance as part of strategic value creation rather than only statutory compliance.
- Second, they show a more differentiated committee architecture.
- Third, they embed governance within integrated reporting, ESG, sustainability, and assurance frameworks.
- Fourth, they use governance language to reinforce trust, transparency, risk culture, and long-term stakeholder value.
- Fifth, they are more explicitly market- and stakeholder-facing in the way they communicate governance.

This profile makes private-sector banks especially significant for the dissertation's comparative framework. It suggests that governance variables such as board committees, disclosure depth, and integrated-reporting sophistication may appear more visibly in the private-bank category and may therefore need to be interpreted not merely as compliance achievements but as part of the strategic self-presentation of the institution.

Governance Profile of Selected Regional Rural Banks

The governance profile of Regional Rural Banks differs fundamentally from the governance profile of large public and private commercial banks. The difference is not one of absence or weakness; it is one of institutional purpose and statutory design. RRBs disclose governance in a more **representative, nominee-based, sponsor-linked, development-oriented, and administratively direct** manner. Their annual reports are less likely to be framed in the language of integrated reporting, multiple capitals, or market-facing corporate governance. Instead, they place governance within the logic of rural development, sponsor-bank support, statutory representation, government accountability, and operational outreach.

This profile is clearly visible in the annual reports of **Andhra Pragathi Grameena Bank**. The bank's FY2023-24 annual report states that the board has pleasure in presenting the annual report and then immediately identifies the institution as a bank sponsored by Canara Bank, operating in an agrarian region and serving rural districts in Andhra Pradesh. It also specifies that the paid-up capital continues to be contributed in the ratio of **50:35:15** by the Government of India, sponsor bank, and Government of Andhra Pradesh. This information is governance-relevant because it shows that ownership and institutional accountability are explicitly public and sponsor-linked.

The board structure of Andhra Pragathi Grameena Bank is even more telling. The report identifies the chairman on deputation from the sponsor bank, then lists the nominee of RBI, nominee of NABARD, nominees of Canara Bank, and nominees of the State Government under the relevant clauses of the Regional Rural Banks Act. It also notes vacancies under the Central Government nominee category. The FY2024-25 report continues the same pattern, again explicitly describing nominee categories under different clauses of the RRB Act. This is a deeply structured governance model, but it is structured according to public-statute logic rather than corporate-listing logic.

The Andhra Pragathi Grameena Bank reports also show that the bank's governance language is tightly linked to **rural mission and operational coverage**. The report highlights that the bank is committed to rural development, that it operates through 551 branches across rural, semi-urban, and urban locations within its area, and that its administrative setup includes regional managers, heads of departments, compliance officer, vigilance officer, and general managers. While these are not "governance committees" in the listed-bank sense, they reveal a distributed accountability structure tailored to development banking and broad branch-based outreach.

Importantly, the bank also discloses business highlights such as net profit, NIM, ROA, gross NPA, net NPA, and capital adequacy, placing them close to the chairman's and board's reports. This indicates that RRB governance, while less stylised, is not disconnected from performance. It simply presents governance and performance within a development and operational framework rather than within the language of integrated value creation.

Telangana Grameena Bank reinforces this pattern but adds an explicit governance ethic around transparency and efficient service. Its annual report lists the board of directors as on 31-03-2024, including the chairman on deputation from State Bank of India, nominee directors of the Government of India, RBI nominee, NABARD nominee, sponsor-bank nominees, and State Government nominees. The report also contains a statement of vision, mission, and values, where the mission is "providing transparent and efficient banking services at reasonable cost at the doorsteps of our customers," ensuring financial inclusion and empowerment of rural customers, especially SHGs and women, while earning continuous profits through a healthy business mix. Its stated values explicitly include commitment for rural development, transparency, excellence in customer service, and team spirit.

This is highly significant from a governance perspective. Transparency appears here not in the integrated-reporting language of listed banks, but in the declared mission of a rural bank. Governance in Telangana Grameena Bank therefore appears as a blend of statutory board structure and mission-based public accountability. The annual report also shows concern for cyber security, risk mitigation, committee structures, and regulatory compliance, especially in the chairman's remarks about making the bank "regulatory compliant, cyber secure and risk mitigated" while protecting the interests of customers and staff. This suggests that RRB governance is evolving: still statutory in structure, but increasingly conscious of technology, risk, and regulatory modernisation.

The annual report of **Karnataka Gramin Bank** adds further support to this category profile. The report foregrounds the bank's status as a scheduled bank established by the Government of India and sponsored by Canara Bank, and places "Board of Directors," "Director's Report," and related administrative headings among the principal components of the report. Its document structure is less elaborate than that of large commercial banks, yet it clearly maintains a board-centred governance architecture. The report's contents and descriptive pages show that the bank treats board reporting and director oversight as central to its annual reporting.

One important implication of the RRB evidence is that **board composition in RRBs is representative rather than market-optimised**. Whereas private banks emphasise independent directors, committee specialists, and value-creation frameworks, RRBs emphasise nominees from sponsor bank, RBI, NABARD, and governments. This does not mean that independent oversight is absent; rather, the sources of oversight are institutional representation and statutory positioning. Governance in RRBs is therefore shaped by a different idea of accountability. They are accountable upwards to regulators and governments, laterally to sponsor institutions, and outwardly to rural communities and developmental mandates.

Another important implication is that **governance disclosure in RRBs is more functionally embedded in operations**. Their reports often connect governance with branch networks, PMJDY, SHG initiatives, agricultural credit, BC locations, digital products, financial inclusion, and service outreach. Andhra Pragathi Grameena Bank's report, for instance, connects governance structures with district-wise branch network, PMJDY, branch deposits, and financial inclusion. Telangana Grameena Bank's report links governance vision and mission to rural banking, digital initiatives, state-level development, and regulatory compliance. In other words, governance is disclosed through **institutional mission execution**, not only through board/committee technicalities.

This category also shows that governance need not always be accompanied by expansive integrated-reporting rhetoric to be real and important. RRB reports often have less polished governance language, fewer elaborate committee disclosures, and less ESG-framework cross-referencing. Yet they provide rich information about sponsor-bank relation, public shareholding structure, statutory nomination, administrative accountability, and developmental commitment. This is governance in a more directly institutional and public-service sense.

Across the three-year corpus, the governance profile of RRBs may therefore be summarised as follows:

- First, governance is organised through the RRB Act structure and nominee representation.
- Second, sponsor-bank connection is central to governance identity.
- Third, transparency and service are often articulated through mission and values rather than only through formal governance-report templates.
- Fourth, governance is closely linked with rural development, financial inclusion, SHGs, and operational outreach.
- Fifth, the annual-report style is simpler and less committee-elaborate than large commercial banks, but the institutional governance framework is still strong and visible.

This profile is critical for the dissertation because it means that RRB governance should not be assessed using only the disclosure logic of listed commercial banks. Their governance exists within a different institutional design. Therefore, when common governance variables are compared across categories later, those variables must be interpreted carefully rather than assumed to have identical institutional meaning.

Governance Profile of the Foreign-Bank Category

The foreign-bank material collected from their websites presents a distinct governance profile that may be described as **highly formalised, compliance-oriented, prudentially codified, and board-structured within the framework of local incorporation and RBI supervision**. Although the foreign-bank category includes several large international banking names, the clearest directly reviewable and governance-rich evidence surfaced in this turn comes from **DBS Bank India Limited**, which is particularly useful because it explicitly sets out the composition and regulatory basis of the board.

DBS Bank India's annual report states that the composition of the Board of Directors is in compliance with the Banking Regulation Act, 1949, the RBI's scheme for setting up wholly owned subsidiaries (WOS) by foreign banks in India, and RBI's circular on corporate governance in banks. It further states that the current board has the optimum combination of executive and non-executive directors, the requisite number of independent directors, and a size commensurate with the size and business of the bank. The board as listed includes a part-time chairperson and non-executive independent director, a nominee/shareholder director, several non-executive independent directors, the Managing Director & CEO, a whole-time director, and later-added independent directors.

This disclosure is very important analytically for several reasons.

First, it shows that the foreign-bank governance profile is strongly shaped by **prudential legitimacy**. The report does not merely say that the board exists. It says that the board is in compliance with specific laws and RBI guidelines and that its size, mix, and independence satisfy the relevant requirements. In other words, governance is communicated through regulatory fit and formal board architecture.

Second, it indicates that foreign-bank subsidiaries in India may have a board that is in some respects structurally closer to large private Indian banks than to foreign bank branches operating with thinner local structures. Because DBS Bank India is a locally incorporated subsidiary, it presents a full board, key managerial personnel, and a formal statement of compliance with Indian law and RBI governance standards. That means the foreign-bank category cannot be understood as a homogeneous "outside" category; locally incorporated subsidiaries operate within Indian governance logic, though often with a sharper compliance vocabulary.

Third, the governance tone is different from both public and private Indian banks. Public banks often express legitimacy through layered public-accountability structures and statutory reporting. Private banks often express legitimacy through integrated reporting, committee richness, and value creation. DBS Bank India, by contrast, expresses legitimacy through **regulatory explicitness**: it names the laws, rules, criteria, and board-balance principles under which the institution is governed.

This does not mean foreign banks lack broader governance narrative. But in the evidence surfaced here, the primary governance emphasis is on proper constitution of the board, compliance with the Banking Regulation Act, appropriate executive/non-executive balance, and sufficiency of independent directors. This is a governance model that foregrounds prudential acceptability and formal board adequacy.

The foreign-bank category is also significant because it sharpens the comparative logic of the dissertation. Public sector banks are not the only banks under strong regulatory scrutiny. Foreign-bank subsidiaries also operate under intensive prudential and structural expectations. Yet the rationale differs. Public banks are publicly significant and systemically integrated into national banking structures; foreign subsidiaries must demonstrate that their local board and governance system satisfy host-country prudential rules while also fitting their parent-group standards.

The evidence from DBS Bank India suggests that foreign-bank governance in India may therefore be interpreted through four features:

1. strong formal compliance with Indian banking law and RBI guidelines;
2. explicit articulation of board balance and independence;
3. governance expressed in legal-regulatory rather than only narrative-strategic language;
4. local board adequacy treated as a matter of prudential credibility.

These features should be kept in mind when comparing governance disclosure across categories. A private bank may disclose more pages on ESG-linked governance, while a foreign subsidiary may disclose governance more tersely but in a more legally specific way. The difference is not necessarily one of more or less governance, but one of governance mode and reporting culture.

Board Structure and Composition Across the Four Categories

Because board structure is at the centre of almost every governance framework, it is useful to step back from category-specific profiles and examine the board comparatively across the four categories. The annual-report corpus strongly supports the proposition that **board composition is the clearest structural expression of category difference in Indian banking governance.**

Public Sector Board Structure

Public sector bank boards, as visible in the reports reviewed, are formal, large-scale, and embedded in an institutional system of committees and management structures. In SBI, the report identifies the Central Board of Directors, Committees of the Board, Central Management Committee, and Local Boards as separate governance entities. This suggests that the board in a very large public sector bank is not simply a single oversight unit but the apex of a layered institutional governance architecture. Union Bank of India, too, presents a detailed board profile, executive directors, and a governance structure integrated with CRO, CVO, and other executive offices.

This kind of board structure reflects the institutional needs of public sector banking: broad regulatory accountability, government interface, systemic importance, and organisational scale. Public-sector boards appear less streamlined than many private-bank boards because their governance architecture must carry both commercial and public-institutional responsibilities.

Private Sector Board Structure

Private banks disclose the board in a more segmented and skill-oriented way. ICICI Bank's board list and board committees make it clear that the board is organised around specialisation: audit, risk, IT strategy, fraud monitoring, governance and nomination, credit, customer service, stakeholders' relationship, and CSR each have a designated committee structure. The FY2024-25 version continues this pattern, showing named independent directors, executive directors, and committee chairpersons.

HDFC Bank's governance model similarly centres the board and its committees as active supervisory mechanisms in a D-SIB and post-merger environment. The report explicitly describes board committees, leadership-team involvement, risk/opportunity integration, and board approval of the integrated reporting process.

The private-sector board thus appears more **functionally specialised** and **governance-professionalised** in the annual-report narrative. There is stronger emphasis on independent directors, committee chairs, subject-specific oversight, and explicit board processes.

RRB Board Structure

The RRB board is representative and nominee-based. Andhra Pragathi Grameena Bank's board includes the chairman on deputation from the sponsor bank, RBI nominee, NABARD nominee, sponsor-bank nominees, and State Government nominees, with vacancies shown in some nomination categories. Telangana Grameena Bank follows the same structural approach.

This means that in RRBs the board is designed not primarily to mirror investor-protection logic but to ensure public-institutional representation. The board embodies government, sponsor bank, regulator, development institution, and state-level accountability. It is thus more directly anchored in institutional pluralism than in market-driven governance ideology.

Foreign-Bank Board Structure

DBS Bank India shows a board with a part-time chairperson, non-independent nominee/shareholder director, independent directors, MD & CEO, whole-time director, CFO, and company secretary. The report emphasises that the mix of executive and non-executive directors and the number of independent directors satisfy the Banking Regulation Act and RBI's WOS and governance guidelines.

This structure resembles a professionally constituted board under a tightly prudential regime. Unlike RRBs, the representation logic is not public-institutional nomination under the RRB Act. Unlike public banks, the board is not embedded in a public-sector statutory identity. Unlike some private banks, the emphasis is less on committee narrative and more on legal-regulatory adequacy of composition. It is therefore a distinct governance type.

Category-Wise Comparative Reading

A comparative reading suggests the following board-structure tendencies:

1. **Public sector banks:** layered, formal, system-scale, public-accountability-oriented
2. **Private sector banks:** specialised, committee-rich, independent-director visible, strategy-linked
3. **RRBs:** nominee-based, sponsor-linked, statute-driven, representative
4. **Foreign-bank subsidiary:** formally balanced, independent-director compliant, prudentially codified

The significance of this comparison is methodological as well as substantive. Variables such as board size or board independence will later be coded numerically where possible, but this chapter shows that their institutional meanings differ by category. An "independent director" in a private bank committee-led environment and a "nominee" in an RRB board under the RRB Act are both governance actors, but they perform governance under different logics. This is why later statistical results must be interpreted through the category-based institutional background established here.

Board Committees and Functional Differentiation

Board committees are one of the clearest signs of governance maturity and differentiation in banking reports. The annual reports reveal substantial variation in committee architecture across the four categories.

The **private-bank sample** shows the richest committee differentiation. ICICI Bank's annual report is particularly revealing. The board committee list includes the Audit Committee, Board Governance, Remuneration & Nomination Committee, Corporate Social Responsibility Committee, Credit Committee, Customer Service Committee, Fraud Monitoring Committee, Information Technology Strategy Committee, Risk Committee, and Stakeholders Relationship Committee. This range is analytically important. It shows that private-bank governance treats committee design as an instrument for distributing oversight by subject matter. Governance is therefore not a unitary function; it is specialised into risk, audit, fraud, IT, customers, stakeholders, remuneration, and sustainability-related domains.

HDFC Bank, though cited here more through governance-over-reporting than through an explicit committee list, similarly represents a high degree of board-function differentiation, since the report refers repeatedly to board committees, group oversight, integrated-report supervision, and board-level review of risk and compliance architecture. YES BANK's annual-report contents likewise identify board committees, governance and compliance, and a risk-management governance framework. These reports strongly suggest that private-bank governance is committee-intensive.

Public sector banks also show committee architecture, but often within a more formal and less brand-emphasised disclosure style. SBI explicitly identifies Committees of the Board, Central Management Committee, and Local Boards. Union Bank's report identifies board and governance structures as part of a broader integrated corporate-information segment. Public banks therefore do have differentiated oversight channels, but they present them in a more system-administrative way than private banks do.

RRBs show far less visible committee differentiation in the annual-report material reviewed here. This does not necessarily mean the absence of committees; rather, it means that committee-based governance is less central to how governance is narrated in the annual reports. Instead, governance is presented through the board, chairman, administrative setup, regional managers, sponsor-bank relation, and statutory reports. Andhra Pragathi Grameena Bank's report, for example, gives strong visibility to the Board of Directors and administrative structure, including chief compliance officer and chief vigilance officer, but does not foreground a private-bank-style committee universe in the same way. Telangana Grameena Bank refers to appropriate committees being put in place for regulatory compliance, cyber security, and risk mitigation, but again the overall governance narrative remains more operational and developmental than committee-centric.

The foreign-bank example of DBS Bank India does not, in the surfaced excerpt, foreground a large committee list in the same way as ICICI or HDFC. Instead, the emphasis is on board composition, key managerial personnel, and legal-regulatory board adequacy. This suggests that foreign-bank committee disclosure may be more compact or differently structured in local reporting, especially where group governance exists in parallel.

Overall, committee differentiation is therefore strongest and most visibly disclosed in private-sector banks, present and formal in public-sector banks, less central in the documentary self-presentation of RRBs, and more compliance-focused in the foreign-bank subsidiary example reviewed here.

Governance Disclosure Practices

Governance disclosure is one of the strongest themes emerging from the corpus of annual reports collected. The reports make it clear that governance is not only practiced; it is narrated, structured, framed, and signalled. The way a bank discloses governance tells the reader something about what the bank believes governance is for.

Public Sector Banks: Structured transparency and formal disclosure

Public sector banks disclose governance through visible formal structures. SBI's annual report clearly demarcates governance, corporate governance report, BRSR, and Pillar 3 disclosures, showing that governance is woven into statutory and prudential reporting. Union Bank's report takes this further by explaining why it has adopted integrated reporting and how it seeks to provide transparency, materiality-based reporting, stakeholder relationship disclosure, reliability, and comparability. Bank of India's report shows the strongest statutory-governance disclosure architecture among the public-bank examples discussed here, with Corporate Governance Report, certificate of non-disqualification of directors, Secretarial Audit Report, CEO/CFO certificate, declaration by CEO, and Integrity Pact all separately identified.

This pattern suggests that public sector banks often disclose governance as a matter of **layered transparency**. They use multiple documentary instruments to show that directors are qualified, governance is reviewed, secretarial processes are examined, CEOs certify compliance, and sustainability responsibilities are being reported.

Private Sector Banks: Integrated, multi-framework, value-creation disclosure

Private banks disclose governance more expansively and often through multiple frameworks. HDFC Bank aligns reporting with the Companies Act, Banking Regulation Act, SEBI regulations, the <IR> framework, GRI, TCFD, BRSR, and assurance standards. ICICI Bank combines statutory reports, auditors' certificate on corporate governance, Basel Pillar 3 disclosures, board information, business model, values, risk governance framework, and sustainability sections. YES BANK similarly aligns its financial and non-financial disclosure with the Banking Regulation Act, Companies Act, SEBI (LODR), secretarial standards, BRSR, GRI, TCFD, and Principles for Responsible Banking. Axis Bank's integrated report is designed to provide insight into strategic direction, governance structure, risk management, business activities, and value creation.

The significance of this disclosure style is that private banks communicate governance as part of a **holistic institutional narrative**. Governance is not disclosed merely because the law requires it. It is used to demonstrate strategic maturity, stakeholder responsiveness, ESG awareness, business-model coherence, and reporting sophistication. This style may have reputational value in addition to compliance value.

RRBs: Functional and mission-linked disclosure

RRBs disclose governance in a more functionally grounded manner. Andhra Pragathi Grameena Bank identifies the board, administrative structure, branch network, financial inclusion, PMJDY, district-wise performance, and shareholding structure. Telangana Grameena Bank identifies board of directors, mission, values, rural development purpose, digital initiatives, and committee/risk efforts.

This suggests that RRB disclosure is less elaborate in framework language but highly meaningful in institutional content. Governance is disclosed through mission, representation, and outreach rather than through investor-facing governance architecture. For a dissertation on bank governance, this is an important caution against equating sophistication of disclosure framework with governance significance.

Foreign Bank Subsidiary: Legal-regulatory disclosure precision

DBS Bank India's disclosure shows a more legal-prudential style. It identifies the board, KMPs, regulatory applicability of the Banking Regulation Act, WOS guidelines, and RBI's corporate governance circular, and confirms that the current board complies with those provisions. This is a governance disclosure pattern built around precision, adequacy, and compliance. It is likely influenced by the subsidiary status of the bank and the need to explicitly demonstrate host-regulator compliance.

Disclosure as a Governance Signal

The reports strongly support the view that governance disclosure is itself a governance signal. Where a bank explains its governance philosophy, reporting principles, board review process, materiality assessment, assurance, and multiple reporting frameworks, it signals governance maturity and stakeholder-oriented disclosure culture. Where a bank presents governance mainly through statutory structures and operational mission, it signals a different, often more direct institutional accountability. Both forms are important; they simply reflect different governance environments.

Integrated Reporting, ESG, and Governance Expansion

A major theme emerging is the **expansion of governance into integrated reporting and ESG-linked disclosure**. This is especially visible in large public and private banks.

Union Bank of India explicitly states that its integrated annual report has been prepared in accordance with the IR framework, that it seeks to provide transparency into how the bank creates value, and that it emphasises stakeholder relationships, materiality, reliability, and comparability. HDFC Bank states that its integrated annual report reflects a commitment to create value for customers, shareholders, investors, regulators, employees, and society and is underpinned by corporate governance framework and robust risk management. ICICI Bank's reports integrate board, governance, business model, risk governance, sustainability, and financial indicators within one report architecture. YES

BANK goes further in explicitly linking governance and compliance with climate action, responsible banking, data privacy, and ESG-style frameworks.

This indicates that governance in major Indian banks is no longer a self-contained corporate secretarial matter. It is increasingly part of how the bank explains:

1. how value is created,
2. what risks exist,
3. how stakeholders are considered,
4. how material matters are identified,
5. how sustainability is being integrated,
6. and how reporting integrity is ensured.

In governance terms, this is a major shift. It means that board accountability increasingly encompasses non-financial as well as financial reporting. It also suggests that governance quality cannot be judged solely by board composition or meeting counts. The capacity of a bank to produce integrated, assured, materiality-based, cross-referenced reporting is itself an indicator of governance development.

Comparative Category Analysis

Drawing together the documentary evidence from the annual reports, the four categories of banks may be comparatively interpreted as follows.

Public Sector Banks

Public sector banks show strong formal governance architecture, extensive statutory reporting, corporate-governance and BRSR disclosure, and an increasing shift toward integrated reporting. Their governance style is public-accountability heavy and institutionally layered.

Private Sector Banks

Private sector banks show the most expansive governance architecture in terms of committee differentiation, integrated-report sophistication, multi-framework disclosure, and explicit governance-performance-risk narrative. Governance is presented as a strategic, reputational, and value-creating asset.

Regional Rural Banks

RRBs show statutory, representative, sponsor-linked, and development-oriented governance. Their reports are less committee-heavy and less ESG-framework-driven, but strongly grounded in public purpose, mission, administrative structure, and institutional representation.

Foreign Bank Subsidiary

The foreign-bank subsidiary example reviewed here shows governance as prudentially codified board adequacy under Indian banking law and RBI governance standards. The emphasis is on formal compliance, independent directors, and board mix adequacy.

Comparative Summary Table

Category	Governance profile	Board style	Disclosure style
Public sector banks	Formal, layered, accountability-heavy	Structured, multi-tiered, institution-scale	Statutory + integrated + BRSR/Basel
Private sector banks	Strategic, committee-rich, market-facing	Specialised, independent-director visible	Integrated, ESG-linked, multi-framework
Regional Rural Banks	Statutory, representative, development-oriented	Nominee-based, sponsor-linked	Functional, mission-linked, public-service oriented
Foreign bank subsidiary	Prudentially codified, compliance-led	Balanced executive/non-executive, independent-director compliant	Legal-regulatory precision, board adequacy emphasis

Analytical Inferences

Several major analytical inferences emerge from this chapter.

First, governance in Indian banking is **category-differentiated**, not uniform. The differences are not superficial but structural.

Second, board composition is the clearest visible expression of those differences. Public and private banks may both have large, visible boards, but the logic of those boards differs. RRB boards are explicitly representative under statute. Foreign-bank subsidiary boards foreground prudential compliance.

Third, governance disclosure is highly informative. Banks that adopt integrated reporting, materiality, ESG frameworks, and assurance are signalling a wider conception of governance. Banks that present governance through statutory public-accountability structures are signalling a different but equally important conception.

Fourth, committee richness is strongest in the private-bank sample, while statutory documentary density is strongest in the public-bank sample.

Fifth, RRBs and foreign-bank subsidiaries cannot be understood properly if judged only through the disclosure expectations generated by listed private banks. Their governance systems are different in institutional design and therefore need different interpretive lenses.

Sixth, the annual reports suggest that governance in Indian banking is increasingly tied to sustainability, technology, operational resilience, and stakeholder trust, not only to traditional board-and-audit questions.

These inferences are important because Chapter 6 will move from governance form to governance-performance relationship. The evidence here already suggests that the relationship may vary by category, because governance itself varies by category.

Conclusion

This chapter has examined the governance practices reflected in the three-year annual-report corpus collected from their respective websites and has shown that governance in Indian banking is both visible and category-sensitive. Public sector banks such as SBI, Union Bank of India, and Bank of India display governance through layered statutory and integrated-reporting structures that combine boards, corporate-governance reports, BRSR, Basel/Pillar 3, certification, and public-accountability signals. Private sector banks such as ICICI Bank, HDFC Bank, YES BANK, and Axis Bank display governance through elaborate committee architecture, integrated reporting, multi-framework disclosure, and explicit linking of governance with risk, sustainability, compliance, and long-term value creation. Regional Rural Banks such as Andhra Pragathi Grameena Bank, Telangana Grameena Bank, and Karnataka Gramin Bank display governance through statutory board representation, sponsor-bank linkage, public shareholding structure, mission-based transparency, and development-oriented institutional accountability. The foreign-bank subsidiary evidence from DBS Bank India shows a governance style that is explicitly prudential, legally codified, and board-composition centred under Indian banking regulation and RBI's WOS/governance norms.

V. FINANCIAL PERFORMANCE AND COMPARATIVE ANALYSIS

Introduction

The annual reports of the banks show very clearly that financial performance in Indian banking is not uniform across categories. Public sector banks are generally much larger in balance-sheet size and branch reach. State Bank of India's FY2025 annual report alone shows the scale at which large public banking institutions operate: 22,937 branches, 9.48% year-on-year deposit growth, 1.10% return on assets, 1.82% gross NPA, and ₹70,901 crore net profit in FY2025. It also reports strong digital depth through YONO and large transaction volumes, which indicates that scale and profitability now coexist with technology-led transformation in the public-sector segment. At the same time, the same category also includes banks such as Bank of India, which, while improving, reflect a different profitability and risk profile: its FY2025 annual report indicates return on assets of 0.90%, capital adequacy ratio of 17.77%, gross NPA ratio of 3.27%, and net NPA ratio of 0.82%. This contrast within the same category already shows that "public sector" is not financially homogeneous.

Private sector banks, by contrast, display stronger profitability ratios and more granular strategic disclosure in many cases, but they too are internally diverse. HDFC Bank's FY2025 report records profit after tax of ₹67,347 crore, advances of ₹26,19,609 crore, deposits of ₹27,14,715 crore, gross NPA of 1.33%, capital adequacy ratio of 19.6%, and return on average assets of 1.91%. ICICI Bank's FY2025 report shows profit after tax of ₹472.27 billion, profit before tax excluding treasury income of ₹607.13 billion, net interest margin of 4.32%, total deposits of ₹16,103.48 billion, advances of ₹13,417.66 billion, and capital adequacy ratio of 16.55%. Yet another private bank, the Bandhan Bank, demonstrates that private banking performance is not identical across business models: its FY2025 report shows profit after tax of ₹2,745 crore, return on assets of 1.53%, capital adequacy ratio of 18.71%, but also gross NPA of 4.71% and net NPA of 1.28%, reflecting the stress characteristics of its portfolio mix and microfinance legacy. Thus, private banks may appear stronger on average in profitability and efficiency, but risk outcomes still depend heavily on business model and customer segment.

Regional Rural Banks present a very interesting contrast. They are far smaller than universal commercial banks in absolute size, yet some of the annual statements show remarkably strong profitability and asset-quality metrics. Andhra Pragathi Grameena Bank's FY2025 annual report records total business of ₹50,756.52 crore, operating profit before provisions and tax of ₹1,083.96 crore, net profit of ₹639.37 crore, net interest margin of 4.30%, return on assets of 1.85%, gross NPA of only 1.22%, net NPA at nil, and capital adequacy ratio of 25.50%. Another RRB report in the corpus, sponsored by Union Bank of India, reports business of ₹17,582 crore in FY2023, deposits of ₹8,559 crore, advances of ₹9,823 crore, gross NPA of 0.63%, net NPA at nil, operating profit of ₹321 crore, net profit of ₹232 crore, and return on assets of 1.80%. These numbers are significant because they show that a smaller rural bank can outperform larger institutions on certain prudential and profitability indicators, even if its absolute balance-sheet size is modest.

The foreign-bank segment also reveals an important pattern. Unlike most Indian listed banks, foreign banks often disclose Indian operations through branch financial statements rather than elaborate integrated annual reports. Bank of America, N.A. (India Branches) reports FY2025 net profit of ₹25,703,417 thousand, deposits of ₹667,800,857 thousand, and advances of ₹344,922,603 thousand; the auditors also state that the branch financial statements give a true and fair view and that internal financial controls with reference to financial statements were adequate and operating effectively as of March 31, 2025. Deutsche Bank AG, India Branches reports FY2025 net profit of ₹30,700,165 thousand and deposits of ₹931,866,030 thousand. These reports are not directly comparable in presentation style with universal Indian banks, but they show strong branch profitability and tight regulatory-accounting discipline.

The objective of this chapter is therefore not to force all four categories into one simplistic ranking. Rather, it is to interpret performance in a category-sensitive manner. Large public sector banks dominate size and systemic reach. Leading private sector banks often lead on profitability, efficiency, and market-linked strategic performance. RRBs, though smaller, can show strong risk-adjusted performance and high capital comfort in their regional context. Foreign banks often show strong profitability and controls, but their Indian branch model makes the disclosure format and business structure different from domestic universal banks.

A further reason why this chapter is essential is that it helps connect the findings of the previous chapter on governance practices with measurable performance outcomes. The annual reports repeatedly suggest that performance is not independent of governance. HDFC Bank explicitly states that its integrated annual report reflects an organisation-wide process overseen by Group Executives and the Board, and places performance, risk, governance, strategy, targets, and board review inside a single value-creation framework. ICICI Bank's FY2025 annual report similarly presents performance, risk governance framework, strategy, business model, and long-term value creation in one integrated structure. SBI's annual report links its financial performance with resilience, responsible conduct, and governance standards. The implication is clear: the reports themselves portray performance as the visible result of an underlying governance and risk-management architecture.

This chapter is organised in the following manner. Section 6.2 explains the data base and the analytical approach. Section 6.3 identifies the key financial performance indicators used in the chapter. Sections 6.4 to 6.7 examine the financial performance patterns category-wise: public sector banks, private sector banks, Regional Rural Banks, and foreign banks. Section 6.8 presents a comparative analysis across the four categories. Section 6.9 discusses the relationship between governance practices and financial performance. Section 6.10 concludes the chapter.

The central argument advanced here is that financial performance in banking must be interpreted through the institutional context of each category, and that governance affects performance less as a single isolated variable and more as a system of discipline, oversight, risk control, disclosure integrity, and strategic alignment.

Data Base and Analytical Framework

This chapter is based on the annual statements and annual reports collected from banks websites respectively. The three-year documentary set for 40 banks divided across four categories. This multi-year design matters. A single-year comparison can overstate temporary improvement or temporary stress. By examining three annual cycles, the researcher can identify whether a bank's profitability, asset quality, or capital position reflects a stable pattern or a one-off movement.

The present chapter adopts a **documentary-comparative** approach. It does not claim to provide a full econometric model of all 40 banks in the body of the chapter. Instead, it synthesises the financial evidence visible across the corpus and supports the analysis with representative figures drawn from clearly identifiable annual reports. This is appropriate for a dissertation chapter because a chapter should do more than reproduce numbers; it should interpret them.

The analytical logic of the chapter rests on three principles.

First, financial performance in banking is **multidimensional**. No single measure can capture overall soundness. A bank may show high profit but weak asset quality. Another may show modest profit but very strong capital adequacy and excellent NPA control. A third may have lower profitability because of deliberate balance-sheet strengthening or provisioning. For this reason, the chapter reads performance through a cluster of indicators.

Second, financial performance must be interpreted **category-wise**. A large public sector bank, a retail-heavy private bank, a sponsor-linked Regional Rural Bank, and an India branch of a global foreign bank do not operate under identical business models. They differ in balance-sheet composition, target customers, regulatory positioning, governance architecture, and strategic goals. Therefore, direct one-to-one comparison without institutional context can be misleading.

Third, governance and performance are linked, but the relationship is **enabling rather than mechanically deterministic**. A sound governance system does not automatically guarantee the highest profit in every year. What it does is increase the probability of disciplined lending, better disclosure, stronger internal control, better capital planning, and more prudent risk management. These in turn influence performance outcomes.

The chapter therefore focuses on the following broad clusters of variables:

Size and growth indicators such as deposits, advances, total business, and total assets.

Profitability indicators such as net profit, operating profit, profit before tax, ROA, ROE, NIM, and in some reports cost-to-income ratio.

Asset-quality indicators such as gross NPA and net NPA ratios.

Capital and stability indicators such as capital adequacy ratio, CET1, or equivalent prudential measures.

Operating and outreach indicators such as branch network, customer base, business correspondents, ATMs, and digital transaction reach where disclosed.

Governance-performance linkage indicators such as board oversight of reporting, risk governance, internal controls, audit quality, and report assurance.

The annual reports offer good evidence for this approach. SBI's FY2025 annual report places profitability, deposit growth, ROA, gross NPA, branch network, YONO adoption, and governance structure together in the "SBI at a Glance" and contents sections, indicating that performance and governance are presented as part of one institutional story. HDFC Bank's FY2025 report similarly ties financial performance to a board-supervised integrated-reporting process and a broad value-creation model. ICICI Bank's report explicitly integrates strategy, risks, mitigants, governance structure, and financial highlights. Andhra Pragathi Grameena Bank's report brings together board reporting, business highlights, NIM, ROA, NPAs, capital adequacy, deposits, advances, and branch network in a compact but highly informative format. These reports show that the annual report itself is a valid and rich source for performance analysis.

The chapter also benefits from a conceptual insight contained in another document available in the drive corpus. An empirical paper on corporate governance and bank profitability notes that evidence suggests adherence to prescribed corporate governance norms impacts bank performance and that adequate implementation of governance norms is connected to improved performance. This does not substitute for the present chapter's own analysis, but it supports the theoretical relevance of linking governance with performance.

The choice of a documentary-comparative chapter also reflects a practical consideration. The data contains banks with different report styles. Listed banks such as HDFC Bank, ICICI Bank, SBI, Bandhan Bank, IDFC FIRST Bank, and others publish integrated reports with financial and non-financial data. RRBs tend to publish statutory annual reports with compressed but meaningful performance sections. Foreign banks may publish India-branch annual results, with detailed financial statements and audit commentary but little narrative on strategy or board committees. A rigid quantitative format would lose some of this richness. A comparative narrative chapter preserves both the figures and the institutional differences.

The analysis that follows is therefore built around recurring patterns visible across the corpus, while relying on representative banks for specific illustration. This method is appropriate for a chapter whose objective is interpretive clarity rather than only raw tabulation.

Financial Performance Indicators of Selected Banks

Financial performance in banking must be evaluated through a cluster of measures rather than a single ratio. Each indicator reveals a distinct dimension of the bank's condition.

Deposits and resource mobilisation

Deposits represent the core funding base of most banks. Strong deposit growth indicates public trust, franchise strength, and liability-side resilience. A diversified deposit base is especially important because it reduces overdependence on volatile wholesale funding.

SBI's FY2025 annual report shows deposit growth of 9.48% and overall deposits of ₹53.82 lakh crore, which demonstrates the liability strength of the country's largest public-sector bank. HDFC Bank's FY2025 report records deposits of ₹27,14,715 crore and notes year-on-year growth relative to the previous year. ICICI Bank reports total deposits of ₹16,103.48 billion as of March 31, 2025 and also presents a multi-year trend of deposit growth. Bandhan Bank's FY2025 report records deposits of ₹1.51 lakh crore and states this represented a 12% increase year-on-year, with a deliberate focus on granular and retail deposits to stabilise the funding mix. Andhra Pragathi Grameena Bank reports deposits of ₹23,666.55 crore in FY2025, with CASA of ₹8,243.38 crore, showing that even an RRB can build a substantial local deposit franchise.

Deposit growth is therefore not simply a scale indicator. It also reflects governance through trust. Depositors respond not only to interest rates but to institutional credibility, branch network, service quality, brand, and perceived safety.

Advances and credit expansion

Advances measure the earning deployment of a bank's resources. However, the quality of credit growth matters as much as the quantity. Rapid expansion without discipline may lead to future asset stress; prudent growth aligned with risk appetite and portfolio diversification is more sustainable.

SBI's FY2025 report states that the SME portfolio crossed ₹5 lakh crore, agri advances grew to ₹3.49 lakh crore, and the corporate loan portfolio reached ₹12.41 lakh crore, while overall advances remained backed by improving prudential ratios. HDFC Bank reported advances of ₹26,19,609 crore in FY2025. ICICI Bank's FY2025 report shows loans and advances of ₹13,417.66 billion and highlights strong growth in business banking, which expanded by 33.7% to ₹2,633.67 billion, contributing 19.6% to net advances. IDFC FIRST Bank reported loans and advances of ₹2,41,926 crore and deposits of ₹2,52,065 crore, reflecting strong balance-sheet expansion after its merger-led transformation. Bandhan Bank reported gross advances of ₹1,36,995 crore in FY2025, while also explaining that secured advances had grown significantly and now formed 50.5% of total advances, reflecting a risk-conscious portfolio shift. APGB reported total advances of ₹27,089.97 crore in FY2025 and priority-sector advances of ₹24,862.66 crore, with agricultural advances forming 76.32% of total advances.

The analytical lesson is that credit growth must always be read together with asset quality and capital adequacy. Growth in advances is positive only when it is prudently underwritten and adequately supported by capital and provisions.

Net profit and operating profit

Net profit remains one of the most visible indicators of financial performance, but its interpretation in banking requires caution. High profit may result from better margins, lower credit costs, strong treasury gains, scale, or fee income. A lower profit may reflect conservative provisioning or temporary balance-sheet restructuring rather than weak franchise quality.

SBI's standalone net profit grew to ₹70,901 crore in FY2025, while standalone operating profit crossed ₹1.11 lakh crore, showing the bank's ability to translate scale into sustained earnings. HDFC Bank reported profit after tax of ₹67,347 crore in FY2025. ICICI Bank reported standalone net profit of ₹472.27 billion and profit before tax excluding treasury income of ₹607.13 billion in FY2025, reflecting strong franchise profitability and core earnings capacity. Bandhan Bank recorded PAT of ₹2,745 crore in FY2025, a 23% rise year-on-year according to management commentary. IDFC FIRST Bank reported PAT of ₹1,525 crore in FY2025, although the report also notes a 48% year-on-year decline relative to a higher previous base, suggesting that growth and stabilisation were still underway. APGB reported net profit of ₹639.37 crore and operating profit before provisions and tax of ₹1,083.96 crore in FY2025. The Union-sponsored RRB cited earlier reported net profit of ₹232 crore and operating profit of ₹321 crore for FY2023. Deutsche Bank India branches reported net profit of ₹30,700,165 thousand in FY2025, while Bank of America India branches reported net profit of ₹25,703,417 thousand.

These numbers show that profitability is widely distributed across categories, though at different scales. Public and large private banks dominate in absolute profit, but RRBs can generate very respectable profit relative to their size, and foreign branches can show strong India profitability with comparatively compact business structures.

Return on Assets and Return on Equity

ROA is particularly important in banking because it shows how efficiently the bank converts its asset base into earnings. ROE is also relevant, though it can be influenced by leverage and capital structure. A healthy ROA in banking is often a stronger sign of underlying efficiency than profit alone.

SBI's ROA improved to 1.10% in FY2025 from 1.04% in FY2024, showing steady improvement in earnings efficiency on a massive balance sheet. HDFC Bank reported return on assets of 1.91% in FY2025. Bandhan Bank's ROA was 1.53% in FY2025, while its ROE stood at 11.57%. APGB reported ROA of 1.85% in FY2025. The Union-sponsored RRB cited in the corpus reported ROA of 1.80% and ROE of 23.22% in FY2023. Bank of India's FY2025 report shows ROA at 0.90%.

These figures are analytically important. Large banks such as HDFC and SBI demonstrate that scale does not necessarily mean weaker returns. At the same time, the high ROA visible in certain RRBs shows that regional focus, lower slippages, and tighter control over local credit can produce strong earnings efficiency even without universal-bank scale.

Net Interest Margin and income composition

NIM indicates the spread between interest earned and interest expended relative to earning assets. It is a crucial indicator of intermediation efficiency, especially in traditional banking models. Yet NIM should be read alongside fee income and credit cost, because high NIM can be offset by poor asset quality or elevated operating costs.

ICICI Bank reported NIM of 4.32% in FY2025. APGB reported NIM of 4.30% in FY2025. Bandhan Bank reported NIM of 7.07%, which is very high relative to larger universal banks, but this reflects its portfolio mix and higher-yield lending segments rather than pure efficiency alone. IDFC FIRST Bank's report highlights core operating profit and a large retail-led deposit and loan franchise, suggesting that margin discipline remains central to its operating model.

NIM therefore reflects both strength and structure. A high margin is attractive, but its sustainability depends on the cost of funds, portfolio quality, competition, and regulatory conditions.

Asset quality: Gross NPA and Net NPA

Asset quality is perhaps the most governance-sensitive performance indicator in banking. A bank's NPA position reflects underwriting discipline, monitoring, recovery systems, sectoral exposure, stress recognition, and provisioning policy.

SBI's FY2025 gross NPA stood at 1.82%, a strong figure for a bank of its size, and the report states that provision coverage ratio, asset quality, and other prudential measures improved materially. HDFC Bank reported gross NPA of 1.33% in FY2025. IDFC FIRST Bank reported gross NPA of 1.87% and net NPA of 0.53% in FY2025. APGB reported gross NPA of 1.22% and net NPA at nil in FY2025. The Union-sponsored RRB reported gross NPA of only 0.63% and net NPA at nil in FY2023 with 100% provision coverage ratio. By contrast, Bandhan Bank reported gross NPA of 4.7% and net NPA of 1.3% in FY2025, even while emphasising recovery, provisioning, and a shift toward secured lending. Bank of India reported gross NPA ratio of 3.27% and net NPA ratio of 0.82% in FY2025.

These figures make an important point. Asset quality is not a simple public-versus-private issue. It is shaped by business model, customer profile, underwriting standards, geographic concentration, legacy stress, and recovery effectiveness. Good governance improves the probability of better asset quality, but portfolio structure still matters.

Capital adequacy and resilience

Capital adequacy indicates the bank's capacity to absorb unexpected losses and sustain growth without becoming vulnerable. In a governance-performance study, capital adequacy is especially important because it reflects management prudence, board risk appetite, balance-sheet strategy, and regulatory alignment.

SBI's overall capital adequacy ratio stood at 14.25% in March 2025 and the report explicitly links this to better planning, efficient risk management, and profit plough-back. HDFC Bank reported capital adequacy ratio of 19.6% in FY2025. ICICI Bank reported capital adequacy of 16.55%. Bandhan Bank reported capital adequacy of 18.71% and emphasised that this remained well above the regulatory requirement of 11.5%. IDFC FIRST Bank reported capital adequacy of 15.48% with a post-capital-raise equivalent above 18% on the same financial base. APGB reported a particularly high capital adequacy ratio of 25.50% in FY2025. Bank of India's capital adequacy stood at 17.77% in FY2025.

High capital adequacy may sometimes reduce short-term ROE, but it improves long-term resilience. In this sense, prudence and profitability may not always move in the same direction in the short run, but they are mutually reinforcing over longer horizons.

Outreach, digitalisation, and operating franchise

Traditional financial ratios do not capture the full performance of a bank, especially in India. Branch network, business correspondents, digital adoption, and service reach are also relevant, because they shape deposit mobilisation, cost efficiency, inclusion, and future profitability.

SBI reported 22,937 branches, 63,791 ATMs including ADWMs, and a very large YONO customer base in FY2025. HDFC Bank's report notes 9,455 branches, 15,399 total business correspondents, 21,139 ATMs plus cash recycler network, presence in 4,150 cities and towns, and

coverage of over 2,35,000 villages . APGB reported 551 branches, 1,295 BC locations, and 98 ATMs, showing how RRBs use a lighter but still substantial reach model . Bandhan Bank reported 438 branches, 1,715 banking units, 4,594 ATMs, and 3.16 crore total customers, which illustrates a hybrid retail-mass-market model .

These indicators matter because reach affects performance indirectly. Wider access deepens deposits, broadens fee generation, enables cross-selling, and supports customer stickiness. In Indian banking, outreach is not only a social variable; it is also an economic variable.

Financial Performance of Selected Public Sector Banks

The public-sector-bank category is characterised by very large balance sheets, broad national presence, significant policy-linked lending responsibilities, and strong systemic importance. This affects how their financial performance should be read. A public-sector bank is not simply a commercial entity seeking the highest short-term ROE; it is also a public financial institution expected to combine scale, inclusion, regulatory stability, and national economic support.

Scale and franchise strength

The clearest example is SBI. The FY2025 annual report shows 22,937 branches across 17 circles, substantial digital adoption, fee income growth, and a national market presence unmatched by smaller institutions . The report also indicates deposit growth of 9.48% in FY2025, underlining the strength of its liability franchise . This scale creates both an advantage and a burden. The advantage lies in low-cost funding power, market trust, cross-segment diversification, and systemic relevance. The burden lies in the need to manage large, complex, and heterogeneous portfolios across sectors and geographies.

SBI's FY2024 report had already shown total assets of ₹61,79,694 crore, deposits of ₹49,16,077 crore, advances of ₹37,67,535 crore, NII of ₹1,59,876 crore, and PAT of ₹61,077 crore . When placed alongside FY2025, this indicates continuity rather than a one-year spike. The bank's performance in the three-year corpus suggests a pattern of large-scale profitability with improving efficiency.

Profitability and earnings quality

SBI's FY2025 standalone operating profit crossed ₹1.11 lakh crore and standalone net profit rose to ₹70,901 crore, while NII reached ₹1.67 lakh crore . These are not merely large numbers; they show that the largest public-sector bank is converting its scale into core earnings. Equally important, the cost-to-income ratio improved from 55.66% in FY2024 to 51.64% in FY2025, indicating operating efficiency gains despite large-system complexity . The ROA improvement from 1.04% to 1.10% is modest in percentage terms, but on a very large balance sheet it is economically meaningful.

This is important because public sector banks were once seen as weaker than private banks in profitability metrics. The SBI evidence indicates that this stereotype is now too simplistic. Governance reform, balance-sheet clean-up, digital scaling, and stronger provisioning discipline appear to have supported much healthier financial outcomes.

Asset quality and prudent improvement

SBI's gross NPA at 1.82% in FY2025 signals strong asset quality for a bank operating at national scale . The chairman's and performance sections also emphasise improved provision coverage and better asset quality trends . This suggests that governance and risk management are having a measurable prudential effect.

A second public bank example helps illustrate the category's internal diversity. Bank of India's FY2025 annual report records ROA at 0.90%, capital adequacy ratio at 17.77%, gross NPA ratio at 3.27%, and net NPA ratio at 0.82% . These are respectable and improving figures, but they are weaker than the leading PSB benchmark set by SBI. The implication is not that governance is absent in other public sector banks; rather, it shows that the public category is internally stratified. Some institutions have moved faster in profitability and NPA compression than others.

Capital adequacy and resilience

SBI's capital adequacy ratio of 14.25% in FY2025 is lower than that of some private banks and RRBs, but it must be interpreted relative to its massive scale and risk-weighted asset structure . It remains comfortably above regulatory norms and is supported by continuous profit plough-back and risk-weight discipline. Bank of India, with capital adequacy of 17.77%, shows that some public sector banks maintain stronger buffer percentages even if profitability is lower .

This suggests that public sector performance cannot be ranked purely by one ratio. A bank with slightly lower ROA may still have strong prudential strength; another with stronger profit may have lower capital relative to assets because of scale and balance-sheet structure.

Public-sector performance pattern

Across the corpus, the public-sector pattern can be summarised in this way. Public sector banks dominate in reach, balance-sheet scale, deposit franchise, and national role. Their profitability has improved materially, especially among larger institutions. Asset quality has been repaired significantly in major cases. Capital adequacy remains comfortable. However, the category is not uniform. Some public banks exhibit near-private-bank levels of financial soundness, while others remain in the strengthening phase.

This category therefore demonstrates that public-sector governance reform and financial recovery have begun to translate into visible operating outcomes. The relation between governance and performance is especially evident where improvements in risk control, reporting, provisioning, and capital planning are accompanied by better ROA, better NPAs, and better profit.

Financial Performance of Selected Private Sector Banks

The private-sector-bank category presents the broadest internal diversity of business models, and this makes it particularly useful for performance analysis. The reports range from very large diversified universal banks to mid-sized fast-growing private banks and banks with niche or legacy portfolio characteristics. The common pattern, however, is that private banks are generally more explicit in linking performance with strategy, technology, customer segmentation, and governance systems.

HDFC Bank: scale with efficiency

HDFC Bank's FY2025 integrated annual report presents a strong performance profile. The bank reported balance-sheet size of ₹39,10,199 crore, deposits of ₹27,14,715 crore, advances of ₹26,19,609 crore, profit after tax of ₹67,347 crore, return on assets of 1.91%, return on equity of 14.6%, cost-to-income ratio of 40.5%, and earnings per share of ₹88.3 . Another highlights page records gross NPA of 1.33% and capital adequacy ratio of 19.6% while also showing a large branch, BC, ATM, and village coverage footprint .

These numbers reveal several things. First, HDFC Bank combines scale and efficiency better than most institutions in the sample. Its balance sheet is extremely large, yet its ROA remains high and its gross NPA very low. Second, its capital position is strong, which suggests that growth has not been pursued at the cost of resilience. Third, the cost-to-income ratio indicates operational discipline. Fourth, the bank

continues to generate high profitability even in the post-merger phase, which is noteworthy because integration periods often create operational drag.

This makes HDFC Bank an important benchmark for the private category: a bank that combines growth, prudence, profitability, digital scale, and institutionalised governance.

ICICI Bank: strong core profitability and margin discipline

ICICI Bank's FY2025 annual report is another strong example of private-sector financial performance. The report shows profit after tax of ₹472.27 billion, consolidated PAT of ₹510.29 billion, profit before tax excluding treasury income of ₹607.13 billion, net interest margin of 4.32%, total assets of ₹21,182.40 billion, deposits of ₹16,103.48 billion, loans and advances of ₹13,417.66 billion, and capital adequacy ratio of 16.55% .

The report also shows multi-year progression in net worth, NII, NIM, gross NPAs in rupee terms, and net NPA ratio, with the net NPA ratio at 0.4% in FY2025 according to the highlights chart . These figures reflect strong credit discipline, core earning power, and balance-sheet resilience.

A particularly important aspect of ICICI Bank's performance is the balance between growth and prudence. The bank's profitability is not built merely on high margins; it is accompanied by strong capital adequacy, low net NPA ratio, and diversified business banking growth. This points to the role of governance and risk systems in preserving quality while expanding business.

IDFC FIRST Bank: franchise building with improving stability

IDFC FIRST Bank's FY2025 integrated report presents a different performance profile: a bank still in the process of building a large retail franchise after structural transformation, but one that shows improving soundness. The report states loans and advances of ₹2,41,926 crore, total deposits of ₹2,52,065 crore, gross NPA of 1.87%, net NPA of 0.53%, capital adequacy ratio of 15.48%, net worth of ₹38,078 crore, core operating profit of ₹7,069 crore, and PAT of ₹1,525 crore .

The PAT decline relative to the prior year suggests that profitability is still being shaped by transition dynamics, competitive growth investments, or cost structures. Yet the asset quality indicators and deposit base suggest that the bank's transformation is being managed with prudential discipline. This is an important reminder that financial performance should not be reduced to profit alone. A bank in the middle of strategic scaling may show lower short-term earnings even while improving its long-term franchise quality.

Bandhan Bank: profitability with business-model risk

Bandhan Bank is particularly valuable for this chapter because it demonstrates that private-sector performance is not uniformly pristine. Its FY2025 report shows deposits of ₹1.51 lakh crore, gross advances of ₹1.37 lakh crore, PAT of ₹2,745 crore, ROA of around 1.5%, capital adequacy of 18.7%, gross NPA of 4.7%, net NPA of 1.3%, and provision coverage ratio of 86.5% including technical write-offs . A separate performance page records PAT of ₹2,745 crore, NII of ₹11,491 crore, NIM of 7.07%, ROE of 11.57%, gross NPA of 4.71%, net NPA of 1.28%, total business of ₹2,88,207 crore, and capital adequacy of 18.71% .

This profile shows a bank with strong spreads and profitability, but also with higher asset stress than the large diversified private-bank leaders. The management commentary explains that the bank is consciously shifting toward secured lending, strengthening fee income, accelerating digital adoption, and reinforcing risk controls to sustain profitability and stakeholder confidence . This makes Bandhan Bank a very important analytical case. It shows that governance and risk awareness can be strong, yet portfolio composition and borrower segment characteristics can still keep NPAs higher than in more diversified retail-corporate universal banks.

The bank's FY2024 report is also informative because it shows an improvement phase: deposits up 25.1%, advances up 14.3%, GNPA at 3.84%, NNPA at 1.11%, net profit at ₹2,230 crore, ROA at 1.44%, and active diversification away from group loans into retail and commercial segments . The comparison of FY2024 and FY2025 reveals that growth and profitability continued, but NPA stress rose again in FY2025. This suggests that performance is path-dependent and sensitive to operating environment, not merely governance design.

IndusInd Bank and broader private-bank dynamism

Another private-bank report, IndusInd Bank's FY2023 annual report, shows a strong growth profile: loan book up 21% to ₹2.89 lakh crore, deposits up 15% to ₹3.36 lakh crore, CRAR at 17.86%, NIM at 4.25%, and net profit at ₹7,443 crores, up 55% year-on-year . This reinforces the point that several private banks combine aggressive but disciplined growth with strong return metrics and capital strength.

Private-sector performance pattern

The private-sector category therefore shows five broad tendencies.

First, the leading private banks combine large balance sheets with strong profitability, strong ROA, low GNPA, and comfortable capital. Second, integrated use of technology, business segmentation, and risk governance appears central to performance. Third, not all private banks look alike; mid-sized and niche banks can have higher NPAs or lower profits even while remaining fundamentally strong.

Fourth, portfolio structure matters greatly. A granular but higher-yield portfolio can produce higher NIM but also higher credit stress. Fifth, private banks are especially explicit in treating performance as the result of strategic and governance choices.

This category, more than any other, demonstrates that superior performance in banking depends on combining growth with risk calibration, not on growth alone.

Financial Performance of Selected Regional Rural Banks

The Regional Rural Bank category is one of the most analytically interesting segments in the corpus because it challenges conventional assumptions about "smallness" and "performance." RRBs are smaller in size, have a rural and priority-sector focus, and operate with sponsor-bank and statutory structures. Yet several of the reports suggest that they can perform very strongly on profitability, NIM, ROA, NPA control, and capital adequacy.

Andhra Pragathi Grameena Bank: strong rural profitability

Andhra Pragathi Grameena Bank's FY2025 annual report is especially rich for financial analysis. The report states that total business crossed ₹50,756.52 crore, a growth of ₹4,411.28 crore over the previous year, with a growth rate of 9.52%. Operating profit before provisions and taxes reached ₹1,083.96 crore. Net profit after tax and provisions stood at ₹639.37 crore. Net interest margin was 4.30%, return on assets 1.85%, and cost-to-income ratio 45.23%. Gross NPA was only ₹330.95 crore, corresponding to a gross NPA ratio of 1.22%, while net NPA stood at nil. Capital adequacy ratio stood at 25.50%, against the statutory requirement of 9%. Deposits reached ₹23,666.55 crore and advances ₹27,089.97 crore .

This is an outstanding financial profile for a regional rural bank. The bank is not large in universal-bank terms, but it is large in RRB terms and, more importantly, it is healthy. The combination of 1.85% ROA, nil net NPA, and 25.50% capital adequacy suggests a tightly managed balance sheet. This is particularly notable because the bank is deeply exposed to rural and agricultural segments, which are often assumed to be higher-risk.

The explanation appears to lie in institutional familiarity with its customer base, regional focus, credit discipline, and a development-oriented but controlled lending model. The report's additional details on branch distribution, BC locations, SHG loans, KCC portfolio, and rural outreach reinforce the point that inclusion and financial performance are not mutually exclusive in this case.

Another RRB in the corpus: low NPAs and strong ROA

A second RRB annual report, sponsored by Union Bank of India, reports a similarly strong performance profile for FY2023. Business stood at ₹17,582 crore with 20% growth over the previous year. Deposits were ₹8,559 crore with 17% growth, while advances stood at ₹9,823 crore with 21% growth. Gross NPA was pegged at ₹57 crore, i.e. 0.63% of advances, and net NPA was reported as nil with 100% provision coverage. Operating profit increased to ₹321 crore from ₹268 crore, while net profit after tax rose to ₹232 crore from ₹162 crore, registering 43.12% growth. Net worth reached ₹1,001 crore. Return on assets stood at 1.80% and return on equity at 23.22%.

These numbers reinforce the idea that RRBs should not be dismissed as weak institutions merely because they are smaller. In relative terms, this is an impressive performance profile, particularly on NPA control and return metrics.

Why RRB performance looks different

RRBs differ from universal banks in at least four ways that affect financial performance.

- First, they operate in geographically concentrated markets. This can reduce diversification, but it can also improve borrower familiarity and local monitoring.
- Second, they are heavily embedded in priority-sector and rural credit, which may appear risky from the outside but can be managed effectively when local knowledge is strong.
- Third, their cost structures and strategic objectives differ from private universal banks.
- Fourth, their profitability is not expected to resemble that of large listed banks in absolute terms; what matters is earnings efficiency, risk control, and service outreach.

APGB's report illustrates this clearly. It shows high priority-sector orientation, high agricultural lending, strong SHG linkage, large KCC book, and still very strong NPA and capital metrics. This suggests that what matters is not merely the segment being served, but the quality of the governance, appraisal, monitoring, and recovery systems that support service to that segment.

RRB performance pattern

Across the corpus, the RRB category seems to exhibit a distinctive performance pattern:

- smaller balance sheets,
- higher regional concentration,
- often strong NIMs,
- often very healthy capital ratios,
- in some cases excellent gross and net NPA control,
- and respectable ROA relative to size.

This category shows that good financial performance does not always require very large scale. Efficient regional banking with disciplined governance can produce healthy earnings, strong capital, and strong asset quality.

Financial Performance of the Foreign-Bank Category

The foreign-bank category differs sharply in report style from domestic listed banks. In several cases, the documents are India-branch annual financial statements rather than integrated corporate reports. This affects comparability, but it also offers a useful perspective: foreign-bank performance in India is disclosed through regulatory-accounting discipline, branch financials, and audit commentary.

Bank of America, N.A. (India Branches)

Bank of America, N.A. (India Branches) provides a detailed FY2025 profit and loss account and balance sheet. The report shows interest earned of ₹69,263,965 thousand, other income of ₹12,632,457 thousand, total income of ₹81,896,422 thousand, interest expended of ₹28,577,788 thousand, operating expenses of ₹11,025,726 thousand, provisions and contingencies of ₹16,589,491 thousand, and net profit for the year of ₹25,703,417 thousand, up from ₹18,814,172 thousand in FY2024. The balance sheet records deposits of ₹667,800,857 thousand, borrowings of ₹325,034,674 thousand, investments of ₹793,809,481 thousand, and advances of ₹344,922,603 thousand.

These figures show that the India branches are strongly profitable and well-funded. Just as important, the auditors state that the financial statements give a true and fair view under the Banking Regulation Act and Companies Act framework, and that internal financial controls with reference to the financial statements were adequate and operating effectively as of March 31, 2025.

This is significant for the governance-performance relationship because it indicates that control quality and financial-performance quality are being presented together, even if not through the narrative format used by Indian listed banks.

Deutsche Bank AG, India Branches

Deutsche Bank's India annual results for 2024-25 show net profit of ₹30,700,165 thousand compared with ₹19,768,606 thousand in the previous year. Deposits stood at ₹931,866,030 thousand, total assets at ₹1,672,921,912 thousand, and the report shows strong reserve build-up and retained surplus for CRAR requirements. The report also records substantial capital and reserve positions, reinforcing prudential strength.

The pattern here is similar to Bank of America: strong India profitability, prudential detail, reserve build-up, and statutory presentation rather than market-facing governance storytelling.

Foreign-bank performance pattern

The foreign-bank category appears to have three distinguishing features.

First, the disclosure style is highly financial-statement oriented rather than integrated-reporting oriented. Second, profitability can be strong even at a relatively smaller India operating footprint compared with domestic universal banks. Third, governance-performance linkage is communicated less through board narratives and more through audit opinion, regulatory conformity, reserve allocation, and internal control assurance.

This is an important reminder that governance is not only what is said in narrative reports. In some institutions, it is visible through the rigour of financial statements, internal controls, audit standards, reserve discipline, and regulatory compliance.

Category-wise Comparison

A category-wise comparison shows that financial performance in banking must be read along at least six dimensions: scale, growth, profitability, asset quality, capital resilience, and strategic operating model.

Scale

Public sector banks dominate scale. SBI's size, branch network, deposit franchise, and systemic reach are unmatched in the sample. Large private banks such as HDFC Bank and ICICI Bank are also extremely large, but the public category still leads in overall institutional spread. RRBs are much smaller in size, while foreign banks in India often operate through more focused branch models.

Profitability

In absolute profits, the leaders are large public and large private banks. SBI and HDFC Bank are close in annual profit terms, while ICICI Bank also records very strong profits. However, in percentage-return terms, large private banks often appear stronger on ROA. HDFC Bank's 1.91% ROA and ICICI Bank's very strong margin and profit profile indicate a highly efficient earnings architecture. Yet RRBs like APGB also show strong ROA, proving that high efficiency is not restricted to private banks.

Asset quality

On asset quality, several private banks and some RRBs look particularly strong. HDFC Bank at 1.33% GNPA, SBI at 1.82% GNPA, IDFC FIRST at 1.87% GNPA, APGB at 1.22% GNPA with nil NNPA, and the Union-sponsored RRB at 0.63% GNPA with nil NNPA all show strong prudential discipline. But the comparison also shows that business-model composition matters. Bandhan Bank's higher NPA ratios demonstrate that yield-rich segments can also carry higher portfolio stress.

Capital adequacy

RRBs and private banks often show very strong capital ratios in the reports sampled. APGB's 25.50% CAR is exceptionally high. HDFC Bank at 19.6%, Bandhan at 18.7%, and Bank of India at 17.77% all show strong buffers. SBI's 14.25% is lower in percentage terms but still strong and must be read relative to its scale. Foreign banks also show strong reserve discipline and retained capital support in their India accounts.

Operating model and outreach

Public and private banks differ in operating emphasis. Public banks combine mass inclusion, legacy reach, and system-scale service delivery. Private banks emphasise customer segmentation, digital transformation, and efficiency. RRBs focus on regional outreach, rural deposits, agriculture, SHGs, and financial inclusion. Foreign banks are more selective and corporate/market oriented in their India branches. This means that the same performance ratio may reflect different strategic logics in different categories.

Disclosure culture and comparability

Comparability is strongest among Indian listed public and private banks because they provide integrated or annual reports with rich narrative and ratio disclosure. RRBs give more compressed but often very useful performance summaries. Foreign banks provide precise financial statements but much less narrative on strategy and board governance. Therefore, comparison must remain interpretive rather than mechanically numerical.

Illustrative comparative table

Category	Representative bank	Profitability signal	Asset quality signal	Capital signal	Analytical reading
Public sector	SBI	Net profit ₹70,901 crore; ROA 1.10%	GNPA 1.82%	CAR 14.25%	Scale plus improving efficiency and prudential control
Public sector	Bank of India	ROA 0.90%	GNPA 3.27%; NNPA 0.82%	CAR 17.77%	Improving but still below top-tier PSB benchmark
Private sector	HDFC Bank	PAT ₹67,347 crore; ROA 1.91%	GNPA 1.33%	CAR 19.6%	Best-in-class balance of scale, earnings, and prudence
Private sector	ICICI Bank	PAT ₹472.27 bn; NIM 4.32%	Net NPA ratio 0.4%	CAR 16.55%	Strong core profitability and risk control
Private sector	Bandhan Bank	PAT ₹2,745 crore; ROA 1.53%	GNPA 4.71%; NNPA 1.28%	CAR 18.71%	Strong spreads but higher business-model stress
RRB	APGB	PAT ₹639.37 crore; ROA 1.85%; NIM 4.30%	GNPA 1.22%; NNPA Nil	CAR 25.50%	Small scale, very strong prudential and return profile
Foreign bank	Deutsche India branches	Net profit ₹30,700,165 thousand	Not directly narrative-led	Strong reserves/capital support	High branch profitability with statutory rigor
Foreign bank	Bank of America India branches	Net profit ₹25,703,417 thousand	Internal controls effective	Strong capital and reserves	Governance seen through controls and audit discipline

The table reinforces a key point: each category performs well on different dimensions, and the performance story becomes clearer only when ratios are read in institutional context.

Relationship Between Governance Practices and Financial Performance

The most important analytical question in this dissertation is whether governance practices appear to relate meaningfully to financial performance. The answer that emerges from the corpus is **yes, but not in a simple linear way**. Good governance does not guarantee the highest profit every year. What it appears to do is improve the conditions under which better financial performance becomes possible and sustainable.

Governance as performance architecture

The annual reports repeatedly present governance not as a compliance appendix but as part of the engine of performance. HDFC Bank's FY2025 report is perhaps the clearest example. It describes governance over the integrated reporting process as an organisation-wide process overseen by Group Executives and the Board, with board review, board approval, board committees, risk-opportunity analysis, senior management sign-off, material topics, and transparent accountable governance all built into the reporting and strategy framework. The same report then shows very strong financial metrics: PAT ₹67,347 crore, GNPA 1.33%, capital adequacy 19.6%, and ROA 1.91%. This does not prove causation in a narrow statistical sense, but it strongly suggests that disciplined governance, risk architecture, and performance quality coexist and reinforce one another.

ICICI Bank's report makes a similar connection. It explicitly frames the annual report as a document giving stakeholders a comprehensive view of operations, performance, financial and non-financial resources, strategy, risks, mitigants, and governance structure, while the financial highlights show strong profit, strong margins, and strong capital adequacy. Again, the report itself presents governance as part of the bank's capacity to create long-term value.

SBI's annual report similarly links institutional values such as service, sustainability, ethics, and transparency with high profit, improving ROA, lower GNPA, and comfortable capital ratios. In other words, the leading public and private banks both communicate that performance is supported by governance and risk-management systems.

5 Governance and profitability

Governance affects profitability in at least four ways.

1. First, it improves the quality of strategic decision-making.
2. Second, it reduces operational leakages and misconduct.
3. Third, it aligns business growth with risk appetite.
4. Fourth, it improves stakeholder trust, which lowers funding friction and stabilises business.

A bank with strong board oversight, well-structured committees, reliable reporting, and disciplined risk governance is more likely to avoid undisciplined lending, under-provisioning, and compliance failures. Over time, this improves profitability.

This is visible in the performance of HDFC Bank, ICICI Bank, and SBI, where strong governance narration is accompanied by strong earnings quality and stable prudential metrics. The governance-performance link is not that governance "creates profit" directly. It is that governance creates institutional discipline, and disciplined institutions tend to perform better over time.

Governance and asset quality

The governance-performance relationship is probably strongest in the domain of asset quality. NPAs do not arise merely because an economy slows down. They also arise because of poor underwriting, weak monitoring, delayed recognition, excessive concentration, or weak recovery follow-up. All of these are governance-linked.

APGB's FY2025 report offers a good example of this. Its gross NPA of 1.22%, net NPA at nil, and very high capital adequacy, despite a deeply rural and agriculture-oriented loan book, suggest strong appraisal and monitoring discipline. The Union-sponsored RRB with GNPA of 0.63% and nil NNPA further supports the point. These results imply that even in segments often viewed as difficult, sound governance and localised credit control can generate strong asset quality.

Large banks tell a similar story from a different scale. HDFC Bank's low GNPA, ICICI Bank's very low net NPA ratio, and SBI's sharp improvement in asset quality all suggest that risk governance and monitoring systems are central to performance quality.

Governance and capital resilience

Capital adequacy is another area where governance matters deeply. A weakly governed bank may pursue excessive growth, delay capital augmentation, or misprice risk-weighted assets. A well-governed bank is more likely to maintain stronger buffers, plan growth prudently, and retain profits where necessary.

SBI explicitly links capital improvement to better planning, plough-back of profits, and efficient risk management. HDFC Bank, ICICI Bank, Bandhan Bank, IDFC FIRST Bank, and APGB all show strong capital positions, suggesting deliberate management of growth and resilience rather than accidental surplus capital. In foreign banks too, reserve allocation and retained amounts for CRAR support are clearly visible in the financial statements.

Governance and trust-driven deposit mobilisation

Deposit mobilisation also reflects governance, though less visibly. Depositors, investors, and customers respond to trust, brand stability, service reliability, and perceived safety. These are outcomes of governance as much as of marketing.

Bandhan Bank's management explicitly links deposit growth to customer trust and a deliberate shift toward a more stable and granular deposit profile. SBI's massive deposit base and continued deposit growth reflect long-standing institutional trust reinforced by governance stability and national franchise credibility. HDFC Bank's and ICICI Bank's large and growing deposit bases similarly reflect that well-governed institutions are more capable of attracting stable liabilities.

Governance and digital performance

In contemporary banking, digital transformation is also a governance issue because it involves technology oversight, cyber risk, data governance, customer protection, and operational resilience. Reports repeatedly link digital performance with governance quality.

SBI highlights YONO, multi-channel reach, and technology-enabled service delivery in a broader framework of resilience and institutional values. HDFC Bank places digital scale, operating context, and governance in the same integrated value-creation framework. Bandhan Bank and IDFC FIRST Bank both explicitly refer to digital adoption as part of future profitability and customer experience. This suggests that digital capability is not separate from governance; it is governed growth.

Why the relationship is not linear

Despite all this, governance does not map perfectly onto performance at every point in time. There are at least four reasons.

First, business model matters. Bandhan Bank's higher NPA profile reflects portfolio mix and borrower segment characteristics even though the report also reflects substantial risk-management awareness and governance focus.

Second, size and public mandate matter. A public-sector bank may carry broader inclusion responsibilities or legacy exposures, which can make its ratios look different from a private bank even under strong governance.

Third, transition periods matter. A bank undergoing merger integration, franchise transformation, or portfolio rebalancing may temporarily show weaker profit without implying governance failure.

Fourth, disclosure styles differ. Foreign banks may disclose less governance narrative but still have very strong internal controls and profitability, as seen in Bank of America's India branches.

Therefore, the governance-performance relationship should be understood as **probabilistic and enabling**, not perfectly mechanical.

Support from the wider evidence in the corpus

This interpretation is supported by the empirical paper available in the drive corpus, which states that evidence suggests adhering to prescribed corporate governance norms impacts a bank's performance and that proper implementation is connected to improved performance. The present chapter's documentary evidence broadly aligns with that proposition. Banks whose reports show stronger governance integration, stronger risk discipline, stronger disclosure reliability, and stronger board oversight also tend, in many cases, to show stronger and more sustainable financial performance.

Synthesis

The relationship between governance practices and financial performance in the selected banks may therefore be stated in this manner:

- Good governance tends to improve the quality of lending decisions.

- It strengthens internal control and financial reporting.
- It supports capital planning and risk discipline.
- It improves stakeholder trust and deposit stability.
- It can enhance digital and operational resilience.
- And over time, these benefits show up in profitability, asset quality, and financial sustainability.

However, governance does not erase business-model risk, macroeconomic shocks, or legacy portfolio stress. It helps institutions manage them better.

Concluding Assessment

The analysis of the annual statements leads to several broad conclusions about financial performance in the four banking categories.

First, **public sector banks** remain the dominant institutions in terms of scale, reach, and systemic role. The strongest among them, especially SBI, now show that large public banks can combine scale with healthy profitability, improving ROA, strong operating profit, and much better asset quality than earlier eras. Other public banks show improvement as well, though with variation across institutions.

Second, **private sector banks** generally display the most balanced combination of profitability, efficiency, risk management, and strategic disclosure. HDFC Bank and ICICI Bank stand out as high-performing institutions where scale, low NPAs, and strong returns coexist. Yet the category is internally diverse, and banks like Bandhan Bank show that business-model composition can still keep risk metrics elevated even when profit remains strong.

Third, **Regional Rural Banks** deserve much more analytical respect than they often receive. The corpus shows that certain RRBs can maintain strong ROA, high NIM, low NPAs, and very high capital adequacy while serving rural and priority-sector segments. Their performance should not be judged only by size; in many prudential respects they are exceptionally strong.

Fourth, **foreign banks** in India show a different reporting format but remain financially significant and prudentially rigorous. Their branch results display strong profitability and strong internal control assurance, even though they provide less narrative on governance than Indian listed banks.

Fifth, the chapter strongly supports the argument that **governance matters for financial performance**. It matters not because it guarantees the highest profit in a given year, but because it structures the conditions under which strong performance becomes sustainable. Banks with stronger governance architectures generally appear better equipped to manage credit risk, maintain capital, produce reliable disclosures, absorb shocks, and preserve stakeholder trust.

Finally, this chapter establishes the performance foundation needed for the broader dissertation conclusion. Corporate governance in banking is not a decorative institutional feature. It is economically consequential. Where governance is disciplined, transparent, risk-aware, and strategically aligned, financial performance tends to be stronger, more stable, and more resilient over time.

VI. FINDINGS, DISCUSSION, ANSWERS TO RESEARCH QUESTIONS AND HYPOTHESES

Introduction

The annual reports and financial statements show that governance in banking is no longer a narrow matter of statutory compliance. It is increasingly visible as a system that shapes decision-making quality, risk culture, disclosure integrity, capital planning, operational resilience, digital control, and stakeholder trust. The reports of major banks themselves often present performance and governance as interlinked. For example, HDFC Bank's FY2024-25 integrated annual report explicitly describes a rigorous organisation-wide reporting and governance process overseen by senior management and the Board, and places this within a value-creation model connecting governance, strategy, risks, targets, and performance. ICICI Bank's FY2024-25 annual report similarly states that the report is intended to provide stakeholders with a comprehensive view of performance, financial and non-financial resources, strategy, risks, mitigants, and governance structure. SBI's FY2024-25 annual report also presents governance, responsible approach, financial highlights, and institutional resilience in an integrated way rather than as unrelated sections.

The three-year materials also show that financial performance across categories is not uniform. SBI reports 22,937 branches, 9.48% year-on-year deposit growth, 1.10% ROA, 1.82% gross NPA, and net profit of ₹70,901 crore for FY2025, indicating strong scale-backed performance in the public sector segment. HDFC Bank reports advances of ₹26,19,609 crore, deposits of ₹27,14,715 crore, gross NPA of 1.33%, capital adequacy ratio of 19.6%, and return on average assets of 1.91%, showing a highly efficient private sector profile. ICICI Bank reports PAT of ₹472.27 billion, profit before tax excluding treasury of ₹607.13 billion, NIM of 4.32%, total deposits of ₹16,103.48 billion, loans and advances of ₹13,417.66 billion, and capital adequacy ratio of 16.55%, again reflecting high profitability with balance-sheet strength. Bandhan Bank, however, reminds us that private sector performance is internally diverse: it reports PAT of ₹2,745 crore, ROA of 1.53%, NIM of 7.07%, capital adequacy ratio of 18.71%, but gross NPA of 4.71% and net NPA of 1.28%. Andhra Pragathi Grameena Bank, representing the RRB segment, reports total business of ₹50,756.52 crore, net profit of ₹639.37 crore, NIM of 4.30%, ROA of 1.85%, gross NPA of 1.22%, nil net NPA, and capital adequacy ratio of 25.50%, showing that smaller regional institutions can display impressive prudential and earnings performance. In the foreign bank category, Deutsche Bank AG, India Branches reports FY2025 net profit of ₹30,700,165 thousand, deposits of ₹931,866,030 thousand, and total assets of ₹1,672,921,912 thousand, while Bank of America, N.A. India Branches reports net profit of ₹25,703,417 thousand, deposits of ₹667,800,857 thousand, advances of ₹344,922,603 thousand, and adequate internal financial controls operating effectively as of March 31, 2025.

These documents make the final chapter possible because they show not just numbers, but institutional patterns. They show how governance is reported, how performance is explained, what risks are acknowledged, how management interprets asset quality and capital strength, and how different categories of banks define success. The findings that follow are therefore based not only on isolated ratios but on the broader documentary logic emerging from the three-year annual-report corpus.

This chapter is divided into four broad parts. The first part presents the major findings of the study. The second part gives the overall conclusion. The third part offers suggestions and recommendations. The fourth part identifies the future scope of the study. Together, these sections bring the dissertation to a coherent close.

Major Findings of the Study

The most important finding is that corporate governance in banking has become economically consequential rather than merely formal

One of the strongest findings emerging from the study is that corporate governance in banking is no longer confined to board meetings, committee formation, statutory disclosures, or legal compliance. In the banks examined through the annual-report corpus, governance

increasingly appears as a functional architecture affecting real outcomes. It shapes risk selection, lending discipline, provisioning culture, audit integrity, capital strategy, operational controls, digital transformation, and stakeholder communication.

This is especially visible in the way large banks describe themselves. HDFC Bank's annual report places governance over integrated reporting inside a wider chain that includes board approval, board committees, senior management sign-off, material topics, risks, opportunities, strategy, and value creation. ICICI Bank describes its report as a framework for understanding operations, performance, resources, risk, mitigants, and governance structure together. IndusInd Bank's FY2025 report states that ESG principles are embedded across operations, risk assessment, and reporting practices, and that the Board and senior management review the report for accuracy, completeness, and relevance. Such language is important because it shows that banks themselves view governance as inseparable from business quality.

This finding matters because the study's core concern is whether governance has any visible impact on financial performance. The answer emerging from the documentary evidence is yes. Not in a simplistic one-cause-one-effect way, but in a structural sense. Governance appears to shape the quality of the institution within which performance is produced. Better governed banks seem more capable of growing without losing balance-sheet discipline, of maintaining capital strength while expanding business, of disclosing risk with more clarity, and of preserving stakeholder confidence during adverse conditions.

In other words, governance is not a decorative superstructure imposed upon banking. It is one of the internal conditions that allows sound banking to occur.

The second major finding is that financial performance in banking must be interpreted category-wise, not through a single uniform benchmark

A very clear finding from the annual reports is that public sector banks, private sector banks, Regional Rural Banks, and foreign banks do not operate on identical institutional logics. Therefore, evaluating all of them through one undifferentiated standard would be analytically misleading.

Public sector banks tend to be much larger in branch reach, customer scale, and systemic importance. Private sector banks often show stronger profitability and efficiency ratios. Regional Rural Banks operate with smaller balance sheets but in some cases demonstrate excellent prudential outcomes and high capital strength. Foreign banks often disclose Indian operations through branch financial statements that are strong on statutory precision and internal control but less expansive in narrative reporting.

This means the study rejects any simplistic conclusion such as "private banks are good and public banks are weak" or "bigger banks are always stronger than smaller ones." The annual reports do not support such a conclusion. Instead, they support a category-sensitive approach. Scale, profitability, asset quality, capital adequacy, and business model must all be read in relation to the institutional context of the bank.

This finding is especially important for banking research in India because the sector is functionally diverse. A bank serving millions of rural and low-income customers under inclusion mandates cannot be assessed in exactly the same way as a foreign branch focused on corporate and market business. Likewise, an RRB should not be seen as weaker merely because its absolute numbers are smaller. The relevant question is how strong it is relative to its purpose, customer segment, and prudential discipline.

The third major finding is that public sector banks have undergone substantial improvement in financial strength, especially in the better-performing institutions

The annual reports indicate that the public sector banking segment has moved significantly beyond the phase in which it was mainly associated with heavy stress, weak profitability, and high NPAs. The stronger public sector banks now show considerable recovery, improved profitability, better capital discipline, and much stronger asset quality than earlier periods.

SBI is the most visible example. Its FY2024-25 annual report shows 22,937 branches, 9.48% deposit growth, 1.10% ROA, 1.82% gross NPA, and net profit of ₹70,901 crore. The same report also records capital adequacy ratio of 14.25%, deposit growth to ₹53.82 lakh crore, and a very large multichannel service footprint supported by digital and physical infrastructure. These figures show that the country's largest public sector bank is not merely surviving due to scale; it is combining scale with profitability, better asset quality, and institutional resilience.

SBI's long-range financial legacy section also shows sustained capital strengthening and declining net NPA ratios over time, indicating that improvement is not confined to a single year. For FY2025 it reports total capital of ₹5,20,062 crore with a capital ratio of 14.25% and a net NPA to net advances ratio of 0.47% in the long financial series section. This reinforces the point that public sector performance has improved through structural rather than merely temporary changes.

Bank of India's FY2024-25 annual report also reflects strengthening, though from a different performance level. It reports ROA of 0.90%, capital adequacy ratio of 17.77%, gross NPA ratio of 3.27%, and net NPA ratio of 0.82%. These figures are not identical to the SBI profile, but they still indicate a far stronger position than the earlier years in which several public sector banks were characterised by much heavier stress. This reveals an important intra-category finding: public sector banks have improved, but the degree of improvement is not uniform. Some have emerged as high-performing institutions, while others remain in a consolidation and strengthening phase.

The broader finding, therefore, is that public sector banks should no longer be assessed through outdated stereotypes. Governance reform, provisioning discipline, better monitoring, and digital strengthening appear to have contributed to much better outcomes in major cases.

The fourth major finding is that private sector banks generally display the strongest balance of growth, profitability, efficiency, and governance integration

The private sector segment in the corpus shows a particularly strong alignment between governance architecture and financial performance. Many of these banks do not simply report numbers; they present a relatively coherent strategic account connecting governance, risk, business model, digital capability, customer focus, and financial output.

HDFC Bank's FY2024-25 annual report provides perhaps the clearest example. It reports advances of ₹26,19,609 crore, deposits of ₹27,14,715 crore, gross NPA of 1.33%, capital adequacy ratio of 19.6%, and return on average assets of 1.91%. It also describes a highly structured integrated reporting process overseen by management and the Board, with board committees, strategy, targets, risk, and governance embedded in one framework. This suggests a mature institutional model in which strong performance is supported by equally strong governance and disclosure discipline.

ICICI Bank shows a similar pattern. Its FY2024-25 report records PAT of ₹472.27 billion, profit before tax excluding treasury of ₹607.13 billion, NIM of 4.32%, total assets of ₹21,182.40 billion, deposits of ₹16,103.48 billion, loans and advances of ₹13,417.66 billion, and capital adequacy ratio of 16.55%. The financial highlights section also indicates very low net NPA ratio and a healthy long-term profitability trend. In addition, the bank reports strong digital and business-banking expansion, including a 33.7% increase in the business banking portfolio to ₹2,633.67 billion, comprising 19.6% of net advances. This indicates that risk-calibrated growth and innovation are central to its performance model.

The same general pattern appears in other private banks as well, though with different strategic profiles. Axis Bank's FY2024-25 report explicitly states that growth is underpinned by sound governance and robust compliance frameworks and reports consolidated ROA of 1.77% and ROE of 16.89% for fiscal 2025. IndusInd Bank's FY2025 report highlights a disciplined approach to risk, balance-sheet resilience, deposit mobilisation, and reinforcement of governance across critical functions.

The broader finding is therefore that private sector banks, especially the leading ones, tend to show the most integrated alignment between governance quality and financial outcomes. They often combine strong margins, low NPAs, good capital ratios, digital agility, and disciplined strategic disclosure. This does not mean all private banks are automatically superior. But on average, the private sector segment in the corpus demonstrates the clearest pattern of governance-backed performance.

The fifth major finding is that private sector superiority is not universal; business model risk still matters greatly

A highly important finding of the study is that the private sector category is not homogeneous. The presence of well-performing large private banks does not mean every private bank has identical asset quality, profitability, or resilience. Business model, borrower segment, yield structure, and concentration patterns still matter.

Bandhan Bank is a strong example of this complexity. Its FY2024-25 annual report reports gross advances of ₹1,36,995 crore, PAT of ₹2,745 crore, operating profit of ₹7,389 crore, ROA of 1.53%, ROE of 11.57%, and NIM of 7.07%. At the same time, it reports capital adequacy ratio of 18.71%, gross NPA of 4.71%, and net NPA of 1.28%. Management commentary explains that deposits reached ₹1.51 lakh crore, secured advances grew significantly, and the bank consciously shifted toward a more stable deposit base, stronger fee income, digital acceleration, and reinforced risk controls to sustain profitability and stakeholder confidence.

This means Bandhan is not a weak bank in any simplistic sense. It is profitable, well capitalised, and strategically adaptive. However, its NPA profile is clearly higher than that of HDFC Bank or ICICI Bank. The likely reason lies in business-model structure, especially its historical exposure to microfinance and similar segments. This leads to an important research conclusion: governance may be strong and deliberate, yet portfolio composition can still create a more difficult risk environment.

IDFC FIRST Bank offers another nuance. Its FY2024-25 report shows loans and advances of ₹2,41,926 crore, total deposits of ₹2,52,065 crore, gross NPA of 1.87%, net NPA of 0.53%, capital adequacy of 15.48%, net worth of ₹38,078 crore, core operating profit of ₹7,069 crore, and PAT of ₹1,525 crore. The same bank's FY2023-24 report emphasises that over the last five years it built robust risk management practices, governance-driven control functions, diversified its liability profile, reduced concentration, and turned around profitability from earlier losses. This is a case of a bank still in long-term transformation. Its profitability should therefore be read in relation to strategic rebuilding, not only in comparison with mature private-bank leaders.

The broader finding is that private banks must not be treated as one undifferentiated class. Their performance depends heavily on how growth strategy, portfolio choice, customer segment, and risk architecture interact. Governance helps, but governance operates inside the realities of business structure.

The sixth major finding is that Regional Rural Banks can display surprisingly strong financial and prudential performance

One of the most significant and perhaps underappreciated findings of the study is the strong performance visible in the Regional Rural Bank segment. RRBs are often assumed to be weaker institutions because they are smaller, geographically concentrated, and heavily exposed to agriculture and priority-sector lending. The annual reports do not support such a blanket assumption.

Andhra Pragathi Grameena Bank's FY2024-25 annual report is particularly striking. It reports total business of ₹50,756.52 crore, operating profit before provisions and tax of ₹1,083.96 crore, net profit of ₹639.37 crore, NIM of 4.30%, ROA of 1.85%, cost-to-income ratio of 45.23%, gross NPA of 1.22%, nil net NPA, capital adequacy ratio of 25.50%, deposits of ₹23,666.55 crore, and advances of ₹27,089.97 crore. It also reports a branch network of 551, 1,295 BC locations, and a strong priority-sector orientation, with agriculture advances constituting 76.32% of total advances.

The preceding year's APGB report shows that this performance was not a random one-off. For FY2023-24, the bank reported total business of ₹46,344.94 crore, operating profit of ₹1,255.86 crore, net profit of ₹802.40 crore, NIM of 4.58%, ROA of 2.45%, gross NPA of 1.24%, nil net NPA, and capital adequacy ratio of 25.65%. The 2023-24 report also shows a structured board and representation from RBI, NABARD, sponsor bank, and the state government, underscoring the governance architecture within which this performance occurs.

Telangana Grameena Bank provides another useful case. Its FY2023-24 annual report shows deposits of ₹14,194.81 crore, advances of ₹14,840.69 crore, total business of ₹29,035.50 crore, gross NPA ratio of 1.78%, net NPA ratio of 0.00%, ROA of 2.42%, ROE of 23.41%, NIM of 4.16%, and capital adequacy ratio of 20.18%.

These reports challenge a major misconception. They show that an institution can be rural-focused, regionally concentrated, and development-oriented while still maintaining strong returns, strong asset quality, and very high capital adequacy. This suggests that close knowledge of the borrower base, local monitoring, priority-sector specialisation, sponsor-bank linkages, and relatively tight operational focus can produce excellent prudential results.

The finding is therefore clear: small size should not be mistaken for weak financial capability. Some RRBs in the corpus are among the most prudentially impressive institutions in relative terms.

The seventh major finding is that foreign banks in India reflect a different but still strong governance-performance model

The foreign-bank documents show a reporting style very different from Indian listed universal banks. These are generally India-branch financial statements rather than integrated annual reports with long strategic narratives. Yet the study finds that foreign banks display strong financial results and strong control-oriented governance through audit quality, internal control assurance, reserve allocation, and statutory compliance.

Deutsche Bank AG, India Branches reports FY2025 net profit of ₹30,700,165 thousand, deposits of ₹931,866,030 thousand, total assets of ₹1,672,921,912 thousand, and advances of ₹674,205,697 thousand. The auditors state that the financial statements give a true and fair view in conformity with applicable accounting standards and RBI-guided requirements. The bank also reports transfers to statutory reserve and retained surplus for CRAR requirements, indicating disciplined capital and reserve management.

Bank of America, N.A. India Branches reports interest earned of ₹69,263,965 thousand, total income of ₹81,896,422 thousand, net profit of ₹25,703,417 thousand, deposits of ₹667,800,857 thousand, and advances of ₹344,922,603 thousand for FY2025. Its independent auditors state that the financial statements give a true and fair view and that the bank has adequate internal financial controls with reference to financial statements operating effectively as of March 31, 2025.

This suggests that foreign-bank governance is communicated differently. Instead of narrative-heavy board-governance storytelling, the emphasis falls on audit credibility, control effectiveness, statutory precision, and financial-statement integrity. The study therefore finds that

foreign banks in India illustrate another valid governance-performance model: one in which institutional strength is expressed through control discipline and regulatory-accounting rigor.

The eighth major finding is that asset quality is the most governance-sensitive performance indicator

Across all four categories, asset quality emerges as the clearest indicator of whether governance is working in substance. Gross NPA and net NPA ratios reflect the quality of lending decisions, monitoring practices, early warning systems, recovery effort, provisioning discipline, and risk appetite. While macroeconomic conditions matter, bad asset quality usually reveals weaknesses in credit culture, not just bad luck.

HDFC Bank's gross NPA of 1.33% , SBI's gross NPA of 1.82% , IDFC FIRST Bank's gross NPA of 1.87% and net NPA of 0.53% , APGB's gross NPA of 1.22% and nil net NPA , Telangana Grameena Bank's gross NPA of 1.78% and nil net NPA , and Bank of India's gross NPA of 3.27% and net NPA of 0.82% all point to different levels of governance effectiveness in underwriting and balance-sheet maintenance.

Bandhan Bank's case is especially revealing. Its report shows a higher gross NPA of 4.71% and net NPA of 1.28%, but management simultaneously explains the transition to secured lending, prudent credit appraisal, proactive provisioning, and improved provision coverage ratio . This tells us that governance quality is not measured only by whether NPAs are low at a point in time, but also by whether management recognises the problem correctly and responds with a disciplined corrective strategy.

The study therefore finds that asset quality is the best location to observe governance in action. Good governance does not merely produce nice disclosures; it improves the probability of good assets.

The ninth major finding is that capital adequacy reflects not only prudence but also governance maturity

Another major finding is that capital adequacy in the selected banks reflects more than compliance with regulatory minimums. It also reflects how boards and management think about growth, provisioning, retained earnings, and institutional resilience.

HDFC Bank's FY2025 capital adequacy ratio of 19.6% , ICICI Bank's 16.55% , SBI's 14.25% , IDFC FIRST Bank's 15.48% , Bandhan Bank's 18.71% , Andhra Pragathi Grameena Bank's 25.50% , Telangana Grameena Bank's 20.18% , and Bank of India's 17.77% together indicate that most institutions in the corpus are operating with comfortable prudential cushions, though at varying levels.

What is analytically significant is that very high capital is not always found only in the largest or most profitable banks. Some RRBs maintain higher capital ratios than large listed banks. This reflects their balance-sheet composition, scale, and risk-weight structure, but it also reflects prudent institutional orientation. The foreign bank reports reinforce the same point through transfers to statutory reserves and retained surplus for CRAR needs .

The study therefore finds that capital adequacy is not just a prudential ratio. It is a governance signal. Banks that plan conservatively, provision responsibly, and grow within strategic discipline tend to preserve stronger resilience.

The tenth major finding is that deposit growth and deposit quality are fundamentally trust-driven and therefore governance-linked

Deposit mobilisation is often treated as a market or franchise variable, but the study finds that it is also deeply related to governance. Depositors may not analyse board committees in technical detail, but they respond to institutional trust, brand credibility, service reliability, and perceived safety. These are outcomes of governance as much as of distribution strength.

SBI's deposits grew by 9.48% to ₹53.82 lakh crore in FY2025 . HDFC Bank reported deposits of ₹27,14,715 crore and a broad physical reach supported by over 9,455 branches and extensive correspondent infrastructure . ICICI Bank reported deposits of ₹16,103.48 billion and healthy CASA trends . Bandhan Bank explicitly linked deposit growth to customer trust and described its shift toward a more stable and granular deposit profile as central to long-term resilience . APGB reported deposits of ₹23,666.55 crore in FY2025 with substantial CASA contribution .

The study finds that stable deposit mobilisation is not only a function of higher interest rates or wider branch networks. It depends on whether depositors trust the bank's integrity, liquidity management, customer treatment, and operational reliability. These are governance-sensitive outcomes. This is why deposit quality should be interpreted as part of the broader governance-performance relationship.

The eleventh major finding is that digital transformation has become a governance issue, not merely a technology issue

A major contemporary finding of the study is that digitalisation in banking is no longer only about convenience or competitive branding. It has become a governance issue because digital systems affect customer protection, data privacy, cyber risk, internal control, fraud prevention, service continuity, credit underwriting, and overall accountability.

SBI reports a vast multichannel delivery model and 8.77 crore registered YONO customers, showing that technology is integral to its service architecture . HDFC Bank reports that 97% of all financial transactions are enabled through digital channels and that it uses a strong IT and physical infrastructure to support growth and stakeholder engagement . ICICI Bank highlights high-volume mobile and digital transactions, new digital onboarding and customer-management systems, and real-time customer engagement platforms . Bandhan Bank states that digital transformation remained a key enabler of strategic priorities, driving operational efficiency, enhancing risk management, and elevating customer engagement . IDFC FIRST Bank's longer progress narrative explicitly links technology, analytics, risk management, and governance-driven control functions .

The finding here is important for future research and regulation. Governance in banking can no longer be defined only in terms of board composition and committee compliance. It must now include digital architecture oversight, cyber governance, AI governance, vendor-risk management, data integrity, and tech-driven control systems.

The twelfth major finding is that integrated reporting and disclosure quality improve the interpretive value of governance

The study finds that disclosure culture itself varies significantly across categories, and this variation affects how clearly governance-performance linkages can be observed.

Large private banks provide highly structured integrated reports in which financial performance, strategy, ESG, governance, risk, and value creation are woven together. HDFC Bank's FY2024-25 integrated reporting framework is a good example . ICICI Bank's report also provides a comprehensive link between performance, resources, strategy, risks, mitigants, and governance structure . IndusInd Bank and Axis Bank show similar integrated-reporting tendencies .

Public sector banks like SBI also provide increasingly broad and structured annual reports, though the presentation style may differ from some private integrated reports . RRB reports are usually more compressed, but still often provide very substantive business highlights and governance structures, as seen in APGB and Telangana Grameena Bank . Foreign bank reports, on the other hand, are more financial-statement oriented and less narrative-driven, but this does not imply weaker governance; it simply means that the governance signal emerges more through audit and control assurance than through expansive narrative disclosure .

The finding is therefore that disclosure quality itself is a governance variable. Better integrated reporting allows stakeholders to understand the institutional logic connecting governance and performance. Poorly connected reporting weakens interpretive clarity even if underlying controls are good.

The thirteenth major finding is that the governance-performance relationship is enabling and probabilistic, not perfectly linear

A key theoretical finding of the study is that corporate governance does not translate into financial performance in a strictly linear or mechanical manner. Good governance does not guarantee that a bank will have the highest profit in every year, nor does weaker performance in a given year automatically prove governance failure. Instead, governance should be understood as an enabling condition that improves the probability of sound performance over time.

This is visible in multiple cases. HDFC Bank and ICICI Bank show strong governance articulation and strong performance at the same time. SBI shows improved profitability, better NPAs, and comfortable capital along with a broad governance and responsible approach framework. APGB and Telangana Grameena Bank show that even development-oriented regional banks can combine strong governance structure with high prudential performance. Bank of America and Deutsche show that rigorous internal controls and audit integrity can coexist with strong profitability in India branches.

Yet Bandhan Bank also shows that even when management adopts stronger risk controls and strategic correction, legacy and business-model factors can still keep NPA levels elevated for some time. IDFC FIRST Bank shows that a bank in transformation may be building governance depth and balance-sheet quality even when immediate profitability is still being shaped by transition effects.

The final inference is that governance strengthens institutional capacity. It does not abolish macro shocks, portfolio stress, historical legacy issues, or category-specific constraints. The study therefore supports an enabling model of governance rather than a simplistic deterministic model.

The fourteenth major finding is that the most visible governance-performance linkages are found in risk management, internal controls, and strategic consistency

When the annual reports are read comparatively, three areas emerge as the strongest locations in which governance appears to affect performance:

First, risk management. Banks that explicitly describe risk governance and risk appetite alignment tend also to show better asset quality and more stable capital. Bandhan Bank's commentary on reinforced risk controls, risk appetite, and provisioning is an example of performance being interpreted through a risk-governance lens. IDFC FIRST Bank's report explicitly states that it built robust risk management and independence of control functions over a five-year transformation period. ICICI Bank's report includes a distinct risk governance framework in the front structure of the annual report.

Second, internal controls. In foreign bank reports, internal controls are especially prominent. Bank of America's auditors state that internal financial controls with reference to financial statements were adequate and operating effectively as at March 31, 2025. Deutsche Bank's auditors similarly affirm true and fair financial reporting under applicable standards and RBI requirements. This reinforces the role of control discipline in sustaining trust and financial reliability.

Third, strategic consistency. Banks that clearly articulate their long-term growth model often appear more coherent in performance outcomes. HDFC Bank's 10 strategic pillars and integrated framework, ICICI's comprehensive strategic reporting, SBI's emphasis on productivity and resilience, and APGB's consistent rural and priority-sector focus all indicate that performance tends to be stronger when governance and strategy are aligned.

This leads to a central substantive finding of the dissertation: governance affects performance most powerfully not through abstract statements, but through risk discipline, control quality, and strategic coherence.

The fifteenth major finding is that financial performance must always be read as a package of indicators rather than through profit alone

The study clearly finds that a bank cannot be judged adequately on the basis of net profit alone. Several annual reports in the corpus demonstrate why. A bank may have high profit but weaker asset quality. Another may show moderate profit but excellent capital adequacy and nil net NPA. A third may have strong ROA but a smaller absolute balance sheet. A fourth may have strong deposits and network scale but only average margins.

HDFC Bank shows excellent profitability, strong capital, and low GNPA together. ICICI Bank similarly combines high profit, good margins, strong capital, and a strong loan-deposit profile. Bandhan Bank's high NIM and good profitability coexist with higher NPA ratios. APGB and Telangana Grameena Bank show that smaller institutions can deliver very strong ROA, low NPAs, and high capital ratios even without universal-bank scale. Bank of America and Deutsche show strong profitability in India branches along with audit and control rigor.

The finding is straightforward but important: financial soundness in banking is multidimensional. Any serious governance-performance study must therefore read profitability together with asset quality, capital adequacy, deposit stability, and operating model.

Overall synthesis of major findings

Bringing all findings together, the study establishes the following broad propositions:

Corporate governance matters in banking, but it matters structurally rather than mechanically.

The governance-performance relationship is best observed through risk culture, internal controls, disclosure quality, capital planning, and asset quality. Public sector banks have improved materially and should not be judged through outdated assumptions. Private sector banks generally show the strongest balance of governance integration and performance, though not uniformly across all banks.

Regional Rural Banks are capable of strong prudential and return performance and deserve greater research attention.

Foreign banks in India show that strong governance can also be expressed through statutory rigor and internal control quality rather than only narrative disclosure. Digitalisation has made governance more complex and more central.

And financial performance must always be interpreted through multiple ratios and in relation to category-specific institutional purpose.

These findings together answer the underlying research concern of the dissertation: governance is not external to banking performance. It is one of the conditions through which sound performance becomes possible, understandable, and sustainable.

Answers to Research Questions

The present study was undertaken to examine corporate governance practices and financial performance in selected banks across four categories, namely public sector banks, private sector banks, Regional Rural Banks, and foreign banks operating in India. On the basis of the three-year annual-report and financial-statement corpus, the answers to the research questions may be stated as follows.

Answer to Research Question 1**What are the major corporate governance practices followed by the selected banks?**

The study finds that the selected banks follow a wide range of corporate governance practices, but these practices do not appear in an identical form across all categories. In general, the major governance practices visible in the reports include board oversight, board committees, risk-governance mechanisms, internal control systems, audit and assurance processes, disclosure frameworks, compliance systems, sustainability-linked governance, and increasing attention to digital oversight.

In the large private sector banks, governance is highly formalised and closely linked with strategy and reporting. HDFC Bank's FY2024-25 integrated annual report presents governance as part of an organisation-wide framework involving the Board, senior management, board committees, material issues, risk oversight, targets, and value creation. ICICI Bank also presents governance together with strategy, risk, mitigants, performance, financial and non-financial resources, and stakeholder accountability, showing that governance is treated as an integrated institutional system rather than as a narrow compliance function. IndusInd Bank's report similarly reflects a governance model in which ESG principles, operational control, and Board review are embedded in the bank's reporting and management processes.

In public sector banks, governance appears in a more layered and institutionally structured form. SBI's FY2024-25 annual report places governance alongside financial highlights, responsibility, and institutional resilience, indicating that governance is central to how the bank defines itself. Public sector governance is thus visible not merely in board structure but also in the relationship between institutional responsibility, scale, compliance, and public accountability.

In Regional Rural Banks, the governance framework is more statutory and representative in character. Andhra Pragathi Grameena Bank's report shows a governance structure that includes nominees from RBI, NABARD, sponsor bank, and the state government, reflecting the statutory and developmental design of RRB governance. This indicates that RRB governance is less market-driven and more public-representative, but still clearly structured.

In foreign banks, governance appears more through internal controls, audit assurance, capital management, and statutory discipline. Bank of America, N.A. India Branches reports that its internal financial controls with reference to financial statements were adequate and operating effectively as of March 31, 2025. Thus, even where governance is not narrated expansively, it remains visible through control integrity and regulatory conformity.

Accordingly, the answer to the first research question is that the selected banks follow broad governance practices centred on board supervision, committee-based oversight, risk management, internal control, compliance, audit, disclosure quality, and increasingly digital and sustainability-linked governance. However, the form and depth of these practices vary by bank category.

Answer to Research Question 2**Do corporate governance practices differ across public sector banks, private sector banks, Regional Rural Banks, and foreign banks?**

Yes, the study clearly finds that corporate governance practices differ across the four categories of banks. This is one of the strongest conclusions emerging from the annual-report analysis.

Private sector banks display the most integrated and strategically articulated governance model. In banks such as HDFC Bank and ICICI Bank, governance is presented as an active framework that connects risk oversight, value creation, integrated reporting, digitalisation, performance monitoring, and accountability to stakeholders. Their annual reports make board and committee architecture highly visible and show a greater tendency toward governance sophistication in disclosure.

Public sector banks, by contrast, exhibit governance that is more formal, layered, and institutionally accountable. Governance in this category is strongly tied to public responsibility, scale, and structured reporting. SBI, for example, presents governance in close relation to resilience, service, responsibility, and system-wide reach. Public sector governance therefore appears less market-facing than private-bank governance, but more explicitly linked to public institutional legitimacy.

Regional Rural Banks follow a statutory and representative governance model. Their boards reflect sponsor-bank relationship, public-institutional representation, and developmental accountability. Andhra Pragathi Grameena Bank's board composition illustrates this clearly. Therefore, governance in RRBs is not weaker, but differently structured.

Foreign banks follow a more compliance-driven and control-oriented governance pattern. Bank of America, N.A. India Branches and Deutsche Bank AG, India Branches place strong emphasis on audit quality, internal controls, regulatory conformity, and financial-statement reliability. This makes their governance model more control-led than narrative-led.

Thus, the answer to the second research question is that corporate governance practices differ substantially across the four categories. These differences arise from ownership pattern, institutional purpose, regulatory environment, scale of operations, and stakeholder expectations.

Answer to Research Question 3**How did the selected banks perform financially during the study period?**

The study finds that the financial performance of the selected banks was generally strong across the three-year period, but with substantial variation across categories and across individual institutions within the same category. Performance cannot therefore be described in one uniform manner.

Among public sector banks, SBI emerges as the strongest example of scale combined with improving financial soundness. Its FY2024-25 annual report records 22,937 branches, 9.48% deposit growth, ROA of 1.10%, gross NPA of 1.82%, and net profit of ₹70,901 crore. It also reports capital adequacy ratio of 14.25% and deposits of ₹53.82 lakh crore, demonstrating strong scale-backed financial performance. Bank of India also shows strengthening, with ROA of 0.90%, capital adequacy ratio of 17.77%, gross NPA of 3.27%, and net NPA of 0.82%.

In the private sector category, HDFC Bank and ICICI Bank show especially strong performance. HDFC Bank reports advances of ₹26,19,609 crore, deposits of ₹27,14,715 crore, gross NPA of 1.33%, capital adequacy ratio of 19.6%, and ROA of 1.91%. ICICI Bank reports PAT of ₹472.27 billion, NIM of 4.32%, deposits of ₹16,103.48 billion, loans and advances of ₹13,417.66 billion, and capital adequacy ratio of 16.55%. These figures indicate a strong combination of profitability, growth, and prudential soundness. At the same time, the private sector category is not uniform. Bandhan Bank reports PAT of ₹2,745 crore, ROA of 1.53%, NIM of 7.07%, and capital adequacy ratio of 18.71%, but also gross NPA of 4.71% and net NPA of 1.28%, showing that business-model risk still shapes performance outcomes.

In the Regional Rural Bank category, the financial performance is particularly noteworthy. Andhra Pragathi Grameena Bank's FY2024-25 report records total business of ₹50,756.52 crore, net profit of ₹639.37 crore, NIM of 4.30%, ROA of 1.85%, gross NPA of 1.22%, nil net NPA, and capital adequacy ratio of 25.50%. Telangana Grameena Bank reports total business of ₹29,035.50 crore, gross NPA of 1.78%, nil

net NPA, ROA of 2.42%, ROE of 23.41%, and capital adequacy ratio of 20.18% . These numbers show that RRBs, although smaller, can perform very strongly on prudential and return indicators.

In the foreign-bank category, performance is strong though differently disclosed. Deutsche Bank AG, India Branches reports FY2025 net profit of ₹30,700,165 thousand, deposits of ₹931,866,030 thousand, and total assets of ₹1,672,921,912 thousand . Bank of America, N.A. India Branches reports net profit of ₹25,703,417 thousand, deposits of ₹667,800,857 thousand, advances of ₹344,922,603 thousand, capital adequacy ratio of 19.14%, and ROA of 2.39% .

Therefore, the answer to the third research question is that the selected banks generally performed well, but performance differed according to category, business model, and institutional structure. Public banks showed scale and improvement, private banks showed stronger overall profitability and efficiency, RRBs showed surprisingly strong prudential performance, and foreign banks showed profitable and tightly controlled branch operations.

Answer to Research Question 4

Is there a relationship between corporate governance practices and financial performance?

Yes, the study finds a clear positive relationship between corporate governance practices and financial performance, though this relationship is not perfectly linear or mechanical. The evidence indicates that stronger governance tends to support better-quality financial performance by improving decision-making, risk control, capital planning, disclosure quality, and stakeholder confidence.

This relationship is visible in the leading private banks. HDFC Bank's highly integrated governance framework coexists with strong financial outcomes, including high ROA, low gross NPA, and strong capital adequacy . ICICI Bank's governance-driven reporting architecture is likewise accompanied by strong profitability, margins, and capital strength . In public sector banking, SBI's strong governance and responsibility-oriented institutional model coexists with strong profit, better ROA, and improved asset quality .

The same pattern is visible in the RRB segment. Andhra Pragathi Grameena Bank and Telangana Grameena Bank both show structured governance systems and strong financial outcomes, especially in terms of low NPAs, strong ROA, and high capital adequacy . In foreign banks too, strong internal control and audit quality coexist with strong profitability and capital ratios, especially in the case of Bank of America India Branches .

However, the relationship is not automatic. Bandhan Bank shows that even with strategic correction and strong governance effort, performance can still be affected by business-model risk and portfolio composition . This means that governance does not eliminate all risk, but it improves the institution's ability to manage risk and sustain performance over time.

Accordingly, the answer to the fourth research question is that there is a positive and meaningful relationship between corporate governance and financial performance. Better governance tends to be associated with better asset quality, stronger capital resilience, more reliable reporting, and more sustainable profitability.

Answer to Research Question 5

Which category of banks appears comparatively stronger in terms of governance and performance?

The study does not support a simplistic single-category answer. Instead, it finds that each category is comparatively stronger on different dimensions.

Private sector banks appear strongest in terms of the combined balance of governance sophistication, profitability, disclosure quality, efficiency, and strategic coherence. HDFC Bank and ICICI Bank are the clearest examples of this pattern .

Public sector banks appear strongest in terms of scale, public reach, and the ability to convert governance reform into visible financial improvement. SBI is the strongest example of this category-wide strength .

Regional Rural Banks appear especially strong in prudential efficiency relative to size. Their performance in ROA, capital adequacy, and NPA control is highly impressive in several cases, especially Andhra Pragathi Grameena Bank and Telangana Grameena Bank .

Foreign banks appear strong in control quality, statutory discipline, and India-branch profitability, though their disclosure format differs from Indian listed banks .

Hence, the answer to the fifth research question is that private sector banks appear strongest overall in the integrated balance of governance and performance, public sector banks are strongest in scale-backed recovery and institutional depth, RRBs are strongest in prudential efficiency relative to their size, and foreign banks are strongest in control-oriented governance and statutory rigor.

Answers to Hypotheses

For the purpose of this study, the hypotheses are answered on the basis of the documentary and comparative evidence drawn from the three-year annual-report corpus. Since the study is primarily analytical and comparative in design, the acceptance or rejection of hypotheses is based on the weight of evidence emerging from the reports rather than on a separate standalone econometric significance test.

Hypothesis 1

Null Hypothesis (H01): There is no difference in corporate governance practices among public sector banks, private sector banks, Regional Rural Banks, and foreign banks in India.

Alternative Hypothesis (H1): There is a difference in corporate governance practices among public sector banks, private sector banks, Regional Rural Banks, and foreign banks in India.

Decision: The null hypothesis is rejected and the alternative hypothesis is accepted.

Reasoning:

The evidence from the annual reports clearly shows that governance practices vary across categories. Private sector banks such as HDFC Bank and ICICI Bank follow a highly integrated governance model linked with strategy, board committees, risk governance, and stakeholder reporting . Public sector banks such as SBI follow a more layered and formal governance structure linked with public accountability, responsible conduct, and system-wide institutional architecture . Regional Rural Banks such as Andhra Pragathi Grameena Bank operate through a statutory and representative governance structure involving sponsor bank, RBI, NABARD, and government nominees . Foreign banks such as Bank of America India Branches and Deutsche Bank India Branches express governance more through internal controls, audit assurance, and regulatory precision than through extensive narrative reporting .

Thus, the study clearly supports the view that governance practices are not uniform across bank categories.

Hypothesis 2

Null Hypothesis (H02): There is no relationship between corporate governance practices and financial performance of the selected banks.

Alternative Hypothesis (H2): There is a positive relationship between corporate governance practices and financial performance of the selected banks.

Decision: The null hypothesis is rejected and the alternative hypothesis is accepted.

Reasoning:

The evidence strongly suggests that stronger governance tends to accompany stronger financial performance, especially in the areas of profitability quality, capital adequacy, asset quality, internal control, and reporting reliability. HDFC Bank combines a highly structured governance architecture with strong ROA, low gross NPA, and strong capital adequacy. ICICI Bank also shows a similar link between governance sophistication and financial strength. SBI's improved profits, better asset quality, and strong institutional resilience also support the same relationship in the public sector context. RRBs like Andhra Pragathi Grameena Bank and Telangana Grameena Bank further show that strong governance design and local institutional discipline can coexist with very strong NPA and capital outcomes.

At the same time, the study also shows that the relationship is not perfectly automatic. Business-model risk, legacy stress, and category-specific constraints can affect performance even where governance is improving, as seen in Bandhan Bank. Therefore, the accepted conclusion is that governance has a positive and meaningful relationship with financial performance, though this relationship is enabling rather than mechanically deterministic.

Hypothesis 3

Null Hypothesis (H03): There is no difference in financial performance among public sector banks, private sector banks, Regional Rural Banks, and foreign banks.

Alternative Hypothesis (H3): There is a difference in financial performance among public sector banks, private sector banks, Regional Rural Banks, and foreign banks.

Decision: The null hypothesis is rejected and the alternative hypothesis is accepted.

Reasoning:

The annual reports clearly reveal category-wise performance differences. Public sector banks show very high scale and growing profitability, with SBI being the strongest example. Private sector banks show stronger balance in profitability, efficiency, margins, and integrated governance-performance alignment, as seen in HDFC Bank and ICICI Bank. RRBs show smaller scale but often superior prudential ratios, such as nil net NPA and very high capital adequacy in Andhra Pragathi Grameena Bank and Telangana Grameena Bank. Foreign banks show strong profitability and control rigor but through a different disclosure and operating structure.

Hence, financial performance differs meaningfully across categories, and the evidence does not support the assumption of uniformity.

Hypothesis 4

Null Hypothesis (H04): Stronger corporate governance does not contribute to better asset quality, capital adequacy, and long-term financial sustainability.

Alternative Hypothesis (H4): Stronger corporate governance contributes to better asset quality, capital adequacy, and long-term financial sustainability.

Decision: The null hypothesis is rejected and the alternative hypothesis is accepted.

Reasoning:

The most governance-sensitive performance indicators in the study are asset quality and capital strength. Banks with more structured governance and stronger risk systems tend to show better NPA outcomes and stronger capital resilience. HDFC Bank's low gross NPA and strong capital adequacy, ICICI Bank's strong capital and low impaired-asset profile, SBI's improved asset quality, and APGB's low gross NPA with nil net NPA and very high capital adequacy all support this conclusion. Bank of America India Branches further supports the same conclusion through the combination of strong capital adequacy, nil gross NPA, and effective internal controls.

Therefore, the study supports the proposition that stronger governance contributes to better long-term financial sustainability by strengthening risk control, capital planning, and balance-sheet quality.

Overall Interpretation of the Hypothesis Testing Section

Taken together, the hypotheses lead to one central conclusion. The study does not support the view that governance is merely ceremonial or that performance differences among banks are independent of governance quality. Instead, the evidence supports the conclusion that governance practices differ across bank categories, that financial performance also differs across categories, and that stronger governance tends to be associated with stronger and more sustainable financial outcomes.

The hypothesis analysis therefore reinforces the broader conclusion of the dissertation: corporate governance is a materially relevant factor in understanding the financial performance of banks in India, although its effect operates through institutional quality, risk discipline, asset management, capital resilience, and strategic coherence rather than through a single direct channel.

Suggestions and Recommendations

The findings of the study naturally lead to a set of practical suggestions and recommendations. These are addressed not only to banks, but also to regulators, policy-makers, and future researchers. The recommendations are grouped thematically so that they may be used in dissertation form as both analytical output and policy-oriented guidance.

Strengthen board effectiveness beyond formal composition requirements

Banks should move beyond the minimum legal and regulatory view of board governance. It is not enough to have a board that is formally compliant in composition. What matters is whether the board meaningfully contributes to strategic oversight, risk challenge, capital discipline, technology awareness, and ethical tone.

Boards should therefore focus on depth rather than only structure. Independent directors must be selected not only for status but for real competence in banking, risk, digital systems, audit, finance, rural credit, or regulatory policy depending on the institution's profile. Board evaluation should become more substantive. Directors should be assessed on attendance, engagement quality, understanding of risk issues, ability to challenge management, and contribution to long-term value rather than only procedural participation.

In institutions where the annual reports already show strong board integration, such as HDFC Bank, ICICI Bank, and IndusInd Bank, this direction is already visible. Other banks should deepen the same approach.

Make risk governance the central pillar of governance reform

The study suggests that the strongest governance-performance link exists through risk outcomes, especially asset quality. Therefore, banks should treat risk governance as the central operating expression of governance, not as a technical support function.

Every bank should ensure that the Risk Appetite Framework is clearly defined, regularly reviewed, and linked to real lending and investment decisions. Early warning systems should be strengthened with better analytics, segment-specific stress testing, and timely

escalation protocols. Credit concentration limits should be actively monitored, not merely reported. Provisioning policy should be conservative and transparent. Recovery and restructuring decisions should also be subject to governance scrutiny, especially in stressed sectors.

Banks such as Bandhan Bank already emphasise risk appetite, stress testing, and disciplined credit appraisal in their strategic commentary . This should become a system-wide norm.

Align growth strategy with risk-bearing capacity

A recurring lesson from the study is that rapid growth is beneficial only when it is matched by internal capability and capital support. Banks should avoid aggressive expansion in products, geographies, or customer segments where underwriting depth, data quality, and recovery systems are still weak.

In practice, this means that strategic planning should integrate business growth targets with capital requirements, cost of risk assumptions, digital readiness, staff capacity, and scenario analysis. Expansion should be sequenced rather than indiscriminate. This is especially important in fast-growing private banks and in institutions transitioning from niche models to broader universal-banking ambitions.

Growth without governance depth creates hidden fragility. Growth with governance depth creates durable franchise value.

Preserve capital adequacy through forward-looking planning, not reactive compliance

Capital adequacy should not be treated as a year-end ratio to be protected only when it comes close to the regulatory threshold. It should be managed as part of long-range strategic planning. Banks should adopt multi-year capital planning models that incorporate expected loan growth, stress scenarios, provisioning requirements, dividend policy, and possible fundraising needs.

This recommendation applies to all categories, but especially to banks undergoing strategic transition or portfolio shifts. IDFC FIRST Bank's report explicitly shows how post-capital-raise capital adequacy would strengthen materially . This reflects a useful planning orientation. More banks should adopt such forward-looking transparency.

For public sector banks, retained earnings and selective capital support should be combined with stronger balance-sheet optimisation. For RRBs, high capital comfort should be preserved without encouraging laxity in credit selection. For foreign banks, reserve and capital-remittance policies should continue to be conservative and transparent.

Improve asset-quality governance through specialised oversight mechanisms

Given the centrality of NPAs in the study, banks should create stronger governance structures specifically around asset-quality surveillance. Boards or board-level risk committees should receive deeper and more segmented asset-quality dashboards rather than only aggregate NPA numbers.

Monitoring should be done by segment, geography, product type, vintage, borrower category, and recovery stage. Credit approval, post-disbursement monitoring, and recovery should not be treated as disconnected functions. Banks should also strengthen audit review of evergreening risk, restructuring quality, and technical write-off practices.

RRBs with very strong NPA performance, such as APGB and Telangana Grameena Bank, should document and institutionalise their successful practices for wider learning . Large banks with diverse portfolios should similarly identify internal pockets of strong credit performance and replicate those processes more systematically.

Treat digital governance and cyber governance as board-level priorities

Digital transformation has moved to the centre of banking performance. Therefore, governance reform must now include cyber oversight, data governance, AI governance, model governance, outsourcing governance, and digital operational resilience.

Boards should receive periodic briefings not only on cyber incidents but also on system architecture risk, third-party technology concentration, fraud analytics, customer data usage, and AI-enabled decision systems. Digital products should be governed not just for speed and convenience but also for fairness, transparency, privacy, and operational continuity.

Banks like HDFC Bank, ICICI Bank, SBI, Bandhan Bank, and IDFC FIRST Bank already place technology at the centre of their future-facing performance model . The recommendation is that such digital ambition should be matched by equally strong digital governance.

Improve the quality and comparability of annual-report disclosures across bank categories

One difficulty in comparative research is that disclosure quality varies across categories. Listed banks often provide rich integrated reports, while some RRBs and foreign banks provide more compressed or purely statutory reporting. To improve transparency and comparability, regulators may consider promoting a more standardised minimum set of governance-performance disclosures across all bank categories, while preserving category-specific flexibility.

Such a framework could include:

- a uniform summary of board structure and committee effectiveness,
- a standard risk-governance disclosure block,
- a common set of prudential and profitability indicators,
- a clear explanation of capital planning,
- segment-wise asset-quality reporting,
- and a concise discussion of digital and cyber governance.

This would not mean forcing identical report styles on all banks. It would simply make analytical comparison easier and stakeholder understanding better.

Public sector banks should deepen governance reform through strategic autonomy and accountability balance

Public sector banks have improved significantly, but further strengthening is still possible. They should continue to deepen governance reform by balancing public accountability with greater strategic professionalism. Appointments to boards and senior management should increasingly prioritise expertise, continuity, and sectoral relevance. Risk and audit committees should receive greater technical support. Human-resource policies should reinforce merit, training, and specialised banking capability.

Public sector banks also need to maintain a careful balance between developmental mandates and commercial prudence. Their scale and inclusion role are national strengths, but these must continue to be supported by strong credit discipline and technology-led controls. SBI's strong recent performance shows that this balance is achievable .

Private sector banks should guard against overconfidence and maintain portfolio discipline

Because the stronger private banks in the corpus perform well on many indicators, there is a risk that the private sector may be viewed as structurally self-correcting. The study cautions against such complacency. Private banks should remain alert to concentration risks, aggressive

retail or unsecured growth, overdependence on digital convenience without control depth, and the possibility of governance blind spots emerging in high-growth phases.

Private banks should therefore continue to invest in control independence, internal audit sophistication, whistleblower credibility, board challenge culture, and ethical sales practices. Where profitability is strong, the temptation to stretch risk boundaries should be consciously resisted. Sustained excellence in banking depends less on how much profit is made in one year than on how safely the institution can keep making it.

Regional Rural Banks should be given greater recognition, technological support, and research attention

The study's findings on RRBs suggest that policy and academic treatment of these institutions needs revision. Strong-performing RRBs show that rural and priority-sector banking can be both inclusive and financially disciplined. Therefore, RRBs should not be treated as peripheral entities in governance debates.

Recommendations for RRBs include stronger board training, wider digital capability, better data systems, stronger sponsor-bank knowledge transfer, improved cyber-security readiness, and more structured public disclosure of governance and prudential practices. Their successful models of local credit knowledge, SHG banking, and agricultural portfolio monitoring should be studied and disseminated more systematically.

Where RRBs show very strong capital and asset-quality positions, they should also be encouraged to innovate responsibly in customer service, digital access, and rural enterprise finance rather than being confined to a narrow perception of their role.

Foreign banks should continue strong control discipline while improving contextual disclosure for Indian stakeholders

Foreign banks in India show strong statutory and control-based governance, but their disclosure is often less narrative and less contextual than that of listed Indian banks. While this is understandable given branch-reporting structure, foreign banks could still improve stakeholder understanding by providing more concise commentary on Indian business model, risk priorities, control environment, and local governance arrangements.

Such improvements would not only support better transparency but also make it easier for researchers, regulators, and informed stakeholders to compare governance-performance dynamics across categories.

Internal controls and audit functions should be elevated further in importance

The foreign bank reports in particular demonstrate the importance of internal financial controls and audit credibility. This lesson applies to all banks. Internal control functions should not be seen as passive compliance units. They are foundational to financial integrity, fraud prevention, data quality, and strategic credibility.

Banks should ensure that internal audit has sufficient independence, technological capability, staffing depth, and direct access to the board or audit committee. Control functions should also be protected from cultural marginalisation. A bank that treats audit and control as after-the-fact formalities is likely to face deeper problems later.

Governance culture should be built through people, not only policy documents

A recurring lesson from the reports is that governance depends not only on formal structures but also on organisational culture. Risk awareness, customer fairness, ethical conduct, data discipline, and responsible decision-making need to be embedded across the institution.

This requires training, incentives, leadership example, accountability for misconduct, and reward systems that do not encourage excessive risk or mis-selling. Banks should integrate governance values into appraisal, promotion, and leadership development systems. This is especially important in large institutions where formal governance may appear strong on paper but weaken in practice if the operational culture is not aligned.

ESG and sustainability governance should be integrated more deeply into banking strategy

Several banks in the corpus now connect governance with sustainability, social impact, or responsible growth. HDFC Bank, SBI, Axis Bank, and others show a clear ESG orientation in reporting. This direction should be deepened. Climate risk, transition risk, social lending responsibility, and sustainable finance should be built into governance frameworks in a more operational manner.

This is not only a reporting issue. It is becoming a financial issue. Banks will increasingly have to govern environmental and social risks because those risks affect credit quality, business continuity, and regulatory expectations.

Regulators should encourage governance-quality metrics, not only compliance reporting

The study suggests that a future-oriented regulatory approach should move gradually from checklist-heavy governance to quality-sensitive governance assessment. While formal compliance remains necessary, regulators may also promote better disclosure on board effectiveness, control-function independence, digital governance readiness, recovery governance, and segment-level risk surveillance.

This does not mean replacing quantitative prudential rules. It means complementing them with governance-quality indicators that better reflect how risk is actually governed inside institutions.

Future Scope of the Study

The present study has generated valuable findings, but it also opens up several important directions for future research. Because the data is covered from forty banks three financial years, the study achieved meaningful breadth. Yet many further possibilities remain.

The first avenue for future work is a **longer time-series study**. A three-year corpus is highly useful for comparative analysis, but a five-year, ten-year, or fifteen-year study would allow stronger conclusions about structural change, governance reform trajectories, and cyclical resilience. This would be especially useful in evaluating how banks move from stress to stability, or how mergers and digital transformations reshape governance-performance dynamics over time.

The second avenue is a **bank-wise quantitative panel analysis**. The present study has been documentary and interpretive in character. A future study could build a governance index using variables such as board size, independence, committee structure, disclosure quality, risk-governance articulation, audit quality, and digital-governance references, and then relate that index statistically to ROA, ROE, GNPA, NNPA, capital adequacy, and deposit growth across the full forty-bank sample. Such a design would provide a more formal empirical test of the arguments developed here.

The third avenue is **category-specific deep research**. Each of the four categories in the corpus could itself become a separate dissertation. Public sector banks could be studied specifically in relation to governance reform and post-stress recovery. Private sector banks could be studied in relation to digital governance and profitability efficiency. RRBs could be examined as a separate governance model for rural banking. Foreign banks could be analysed in terms of branch governance, audit structures, and statutory controls in India.

The fourth avenue is **primary-data research through interviews**. This dissertation has relied on annual reports and financial statements. A future researcher could supplement documentary analysis with interviews of directors, auditors, senior bankers, risk officers, compliance officials, regulators, and analysts. That would help illuminate how governance actually functions inside banks beyond what is visible in published reports.

The fifth avenue is **case-study research on governance shocks or turning points**. For example, future studies could examine how governance structure changes after mergers, large fraud events, leadership transition, sharp NPA deterioration, or major digital rollout. Event-based governance research could reveal whether governance systems become stronger only after crises or whether some institutions truly practice preventive governance.

The sixth avenue is **research on digital governance, AI governance, and cyber governance in banks**. As the present study has shown, digital transformation is now central to banking performance. Future research could examine how banks govern algorithmic decision-making, digital lending, fraud analytics, customer data protection, AI use in operations, and technology-vendor dependence.

The seventh avenue is **comparative ESG and climate-governance research**. Banking studies in India are increasingly likely to focus on sustainable finance, green lending, climate-related credit risk, and environmental disclosure. Since several banks in the corpus already present sustainability-linked reporting, future work could examine whether ESG maturity has any relationship with profitability stability, cost of capital, market valuation, or stakeholder trust.

The eighth avenue is **comparative work beyond banking**. A future researcher could compare governance-performance dynamics in banks with those in NBFCs, cooperative banks, insurance companies, or fintech institutions. This would help clarify whether the governance-performance relationship observed here is uniquely banking-specific or part of a broader financial-sector pattern.

The ninth avenue is **state-level or regional analysis within RRBs**. Since RRBs are locally embedded, future research could compare governance and performance across regions, sponsor banks, rural credit structures, agricultural patterns, and SHG intensity. This would add richness to the current finding that some RRBs are financially and prudentially far stronger than commonly assumed.

The tenth avenue is **stakeholder-trust research**. One of the strongest themes emerging indirectly from the present study is that deposits and franchise strength are trust-driven. Future work could specifically investigate how governance disclosures, service reliability, digital experience, and ethical reputation affect depositor trust, investor perception, and brand resilience.

Thus, the future scope of the study is very wide. Far from closing the subject, this dissertation establishes a strong base from which many new lines of academic and policy research can develop.

Conclusion

The present study set out to examine the relationship between corporate governance and financial performance in the banking sector using documentary evidence from the annual reports and financial statements. The Corpus's design itself made the study particularly valuable, because it covered four distinct categories of banks, ten banks in each category, and three financial years for every bank. This structure enabled not only a cross-sectional view across categories, but also a limited longitudinal perspective across time.

The conclusion emerging from the study is clear: **corporate governance is a substantive determinant of institutional quality in banking, and institutional quality strongly influences financial performance**. This does not mean governance operates in isolation or produces identical outcomes in all settings. Rather, governance shapes the environment within which lending decisions are made, deposits are protected, risks are managed, profits are generated, and shocks are absorbed.

The evidence from the corpus shows that where governance appears stronger, performance is often more stable, more transparent, and more prudentially credible. HDFC Bank's and ICICI Bank's integrated reports show a mature model in which governance, strategy, risk, and performance are tightly connected. SBI shows that public sector governance reform and institutional strengthening can coexist with very large scale, improved ROA, declining NPAs, and strong profits. RRBs such as Andhra Pragathi Grameena Bank and Telangana Grameena Bank demonstrate that even regionally focused, agriculture-oriented institutions can maintain low or nil net NPAs, high ROA, and very strong capital adequacy when governance, local knowledge, and prudential discipline are aligned. Foreign banks like Deutsche Bank and Bank of America show that strong internal controls, audit integrity, reserve discipline, and statutory compliance are themselves meaningful forms of governance-performance alignment.

At the same time, the study also leads to a more nuanced conclusion. Governance does not cancel business-model risk. A bank can be serious about risk management and still face higher NPAs if its portfolio segment is inherently more volatile. Bandhan Bank is a good example of this duality: strong profitability and capital strength coexist with elevated NPA ratios, while the management response itself reflects governance awareness and corrective intent. Similarly, a transforming bank like IDFC FIRST Bank may be building deep governance and balance-sheet discipline even when profitability remains in a developmental phase.

Therefore, the final conclusion of the dissertation is not that "good governance always produces the highest profit." That would be too simplistic. The more accurate conclusion is this:

Good governance improves the probability that a bank will grow responsibly, manage risk effectively, preserve capital strength, maintain stakeholder trust, disclose truthfully, and deliver sustainable financial performance over time.

This conclusion is especially relevant for the Indian banking sector. India's banking system is structurally diverse. It includes public sector giants, private universal banks, foreign branches, and regional rural institutions with development-oriented mandates. In such a system, governance cannot be thought of as a uniform checklist. It must be interpreted in relation to institutional purpose, scale, customer profile, business model, and operating context. Yet the study shows that across all these differences, governance remains central. What changes is the form in which it is expressed.

In the public sector, governance matters for balancing scale, inclusion, and prudential strength.
In the private sector, governance matters for aligning innovation and profitability with risk discipline.
In RRBs, governance matters for turning local knowledge and regional focus into credit quality and resilience.
In foreign banks, governance matters through control systems, audit quality, and statutory precision.

The study also concludes that the annual report is a highly valuable research source in banking studies. It is not merely a compliance document. When read carefully, it reveals the institution's governance logic, performance model, risk posture, and strategic self-understanding. For that reason, annual-report-based research remains particularly useful in studies where governance is being related to financial behaviour and institutional outcomes.

In sum, the study confirms the core proposition that corporate governance and financial performance in banking are deeply connected. The quality of that connection may vary by bank and by category, but it is real, visible, and analytically significant.

The study therefore closes with a final proposition of lasting relevance:

In the banking sector, financial performance is strongest and most sustainable when corporate governance is substantive, risk-sensitive, strategically aligned, technologically aware, and institutionally internalised.

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