IMPACT OF CORPORATE GOVERNANCE ON NON-PERFORMING LOANS OF SELECT COMMERCIAL BANKS IN INDIA: AN EMPIRICAL STUDY

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Abstract

Corporate governance is back bone to the Banks's existence and sustainability across the globe. Sound corporate governance will be possible with the good practices of Accountability, transparency, fairness and responsibility. The elements of corporate governance are transparent disclosure, well-defined rights of shareholders, internal control environment, structured Board practices, Board commitment. The whole corporate governance will monitor and supervised by the august professionals of directors. Under this study, the researcher utilized secondary sources of data. The study examined the corporate governance variables amongst 5 select commercial banks in India with the using of multivariate regression analysis. The study concluded that board size, board composition, composition of audit committee and power separation is not the reasons for the rising figure of non-performing loans of select commercial banks. The main objective of the present paper is to examine and assess the impact of Corporate Governance variables which mainly comprises of Board size(BS), Board Composition(BC), Composition of Audit Committee(CAC) and power separation(PS) on Non-Performing Loans of select commercial banks in India.

Keywords: Banks' Corporate governance, Non-performing loans, Board size, Board composition, Composition of audit committee and economic development of banks.

1.Introduction: It is a system by which corporations are governed and controlled with a view to increasing shareholder's value and meeting the expectations of the other stakeholders. In other words, corporate governance is the system by which business corporations are directed and controlled to enhance performance and long-terms shareholder's value. Corporate governance is basically a creation which reinforces the long term supportable value for the stakeholders through socially driven business process. Corporate governance covers a wide range of disciplines and it is also known as multidisciplinary field of study. Law, management, finance, ethics, consulting, economics and accounting. The main function to be performed by it is to provide the description of the advantages and duty of the shareholders and organizations. In case if failure (disagreements)