

Corporate Governance and Financial Performance of Commercial Banks in India

Binayee Mishra^{1*} & Santosh Kumar Biswal²

¹ P.G. Department of Commerce, Utkal University, Odisha, India

² Department of Commerce, Jatni College, Odisha, India

*Corresponding Author

To cite this paper

Mishra, B., & Biswal, S. K. (2026). Corporate Governance and Financial Performance of Commercial Banks in India. Orissa Journal of Commerce. 47(1), 20-30.

Keywords

Corporate Governance; Commercial Banks; Financial Institutions; Financial Performance

JEL Classification

G20; G21; G34

Abstract: This study aims to examine the effect of corporate governance on the financial performance of commercial banks in India. For analysis, 22 commercial banks have been selected on the basis of market capitalisation as the sample for the study over a period of 10 years, from 2014-2015 to 2023-24. Descriptive statistics, Correlation, and panel regression have been employed to gain insights into the nexus between corporate governance and bank performance. PAT, ROCE, and EPS have been taken as dependent variables, while Board Size, Board Meetings, Audit Committee Size, Audit Committee Meetings, Stakeholder Relationship Committee Size, Stakeholder Relationship Committee Meetings, Nomination and Remuneration Committee Size, Nomination and Remuneration Committee Meetings, CEO-Duality, Independent Director, and Woman Director have been taken as independent variables. Bank size, Bank age, and Credit-to-deposit ratio have been used as control variables. The analysis reveals that corporate governance factors have a significant influence on the financial performance of banks in India. The findings of this study will help managers, the public, creditors, regulators, government, researchers, and academicians gain a nuanced understanding of the relationship between corporate governance factors and financial performance.

1. Introduction

The global financial crisis of 2008 is commonly cited as the most severe economic contraction since the Great Depression, causing the downfall of major investment banks, such as Lehman Brothers, while governments worldwide resorted to large-scale bailouts and emergency monetary and fiscal measures to safeguard the financial system from collapse. Although multiple factors contributed to this crisis, weak governance structures and insufficient oversight were identified as key causes. The absence of robust long-term risk management strategies, coupled with controversial remuneration policies, fueled excessive risk-taking. In particular, incentive schemes encouraged senior executives to prioritise short-term profit maximisation over sustainable growth, thereby undermining financial stability. Different Countries have different corporate governance for their banks. The Basel Committee was formed in 1999 to dignify the diversity in the corporate governance mechanism globally. This Committee was also formed in 1997 and 1998. This Committee provided mainly four important forms for proper functioning, such as ethical principles, behavioural guidelines, and norms of a company, and a formalised structure to follow. Governance has always been a significant factor for the growth of the economy and for strengthening the banking and corporate sectors. The resources are utilised to their maximum limit; it flows to the sectors where there is an adequate production of the services that fulfil the demands of the stakeholders. Corporate governance has been the most useful and efficient framework for the best board of directors to govern the use of the resources and reduce spoilage. To ensure effective governance, a structured system must be implemented to enable productive coordination among the Board of Directors, Management, and the Auditor. In light of the above backdrop, it is highly pertinent to investigate the implications of corporate governance on the financial

well-being of the banks. Hence, this study examines the effects of corporate governance on the financial performance of Commercial banks in India. The financial performance of banks reflects how well they utilise their resources to achieve profitability, efficiency, and financial stability. Commonly evaluated using indicators like PAT, ROA, ROE, EPS, and NIM, these metrics provide insights into a bank's operational strength and asset quality. Corporate governance significantly influences these outcomes by promoting ethical leadership, transparency, and effective oversight. Key governance structures, such as the presence of independent directors, well-structured audit committees, the separation of CEO and chairperson roles, and regular board engagements, help minimise agency problems and foster accountability. Especially in the banking industry, where regulatory compliance and public trust are essential, robust governance frameworks enhance risk management, reduce NPAs, and drive sustainable profitability. Therefore, a strong link exists between sound corporate governance practices and improved financial performance, with well-managed banks often delivering better financial results in terms of profitability, efficiency, and stability.

2. Literature Review

This section documents certain literature relevant to our investigation of corporate governance and the financial performance of banks. A number of studies have been conducted to confirm the influence of corporate governance on bank performance, taking into account Multiple corporate governance and performance characteristics. The literature has been categorised into two parts.

2.1. Concept of Corporate Governance

Governance refers to the assemblage of rules, regulations, laws, and decisions established to regulate organisational behaviour. Proxy advisors and owners are important stakeholders that exert an indirect influence on governance; yet, they do not exemplify governance in their own right (Kovermann et al., 2019). The board plays a crucial role in governance and has a notable impact on the company's stock value. corporate governance strengthens sustainable financial performance, investment stability, and longevity. Manuel et al. (2021) identify the different concepts of corporate governance, followed by the revision of the theories such as agency theory, stewardship theory, stockholder theory, and resource dependency theory. Also, the Knowledge-driven approach examines the relationship between corporate governance and company performance. It finds that corporate governance theories focus on the frameworks and principles of governance, not on managerial actions, so as to distinguish governance from mere administration. Masiye et al. (2023) examine the concept and condition of corporate governance in State-Owned Enterprises in Zambia. He used a classic or narrative literature review as the approach. The researcher asserts that Corporate Governance has been a pivotal concern in developing nations even before the recent wave of corporate scandals in developed countries, and has gained significant relevance owing to economic liberalisation & globalisation. It is against this backdrop that it has attained significant importance in the management of State-Owned Enterprises. Yukub Shaba (2024) investigates documentary and descriptive research methodologies to analyse notions of corporate governance, systems, mechanisms, and historical views globally. Also finds that comprehending internal controls aids in ensuring compliance, mitigating risks, and protecting the firm's assets. The study also examines the dynamic nature of responses to emerging economic, social, and technological developments. Corporate governance includes many ideas, processes, and procedures that guarantee accountability, transparency, and ethical conduct inside an organisation. Kaur (2025) primarily aims to set up sound corporate governance for any company's or other group's success. Before establishing effective corporate governance, businesses may need to address a few issues. Investors will be encouraged to act more like owners and less like traders, which is a positive thing in the long term. After conducting the necessary research and analysis, the study concludes that, despite India's solid corporate governance rules, the nation still has a long way to go since it is still a developing nation.

2.2. Corporate governance and financial performance of banks

Financial performance plays a significant role in the survival of the corporate (Behera et al., 2025). Nizam et al. (2019) find that access to finance and environmental financing have a positive effect on banks' ROE, indicating that banks' performance improves if they emphasise and enhance access-to-finance practices and provide financial support for projects with environmental impacts. Puni &

Anlesinya (2020) discovered that the inclusion of both internal and external members on the board significantly enhanced business performance, but an audit committee presence adversely affected it. The heightened frequency of board meetings positively influences the firm's financial performance. Such findings offer insights into the probability of adherence to the elements of corporate governance in a developing country scenario. Tolosa (2021) examines the influence of corporate governance measures on business performance and the effect of management behaviour on the association between corporate governance systems and the performance of firms for a period of 8 years. 1,163 Chinese publicly listed companies were taken as a sample. The generalised technique of moments estimation model of panel regression is employed for the suggested research. The study indicates that management overconfidence favourably moderates the effect of credit financing on performance, as assessed by TQR, and simultaneously negatively affects debt levels. Dey et al. (2022) conduct empirical research to examine the link between corporate governance and the financial performance of public sector banks in India. This study uses a sample of ten banks using the convenience sampling method. Multivariate regression models utilising balanced panel data are employed for the study's objectives. Their research demonstrates that BS does not significantly affect the financial performance of public sector banks. Biswas et al. (2022) analyse the impact of gender diversity in the corporate governance framework of 22 publicly listed commercial banks in India for 9 years. The research uses PCA to provide an extensive corporate governance metric. The Panel Corrected Standard Error (PCSE) methodology reveals that corporate governance exerts a considerable detrimental influence on earnings management (EM) among Indian commercial banks. Further, indicates a positive correlation between gender diversity and earnings management, suggesting that insufficient gender diversity on a bank's board diminishes the advantages of gender-diverse boards. Their research demonstrated that corporate governance systems prove successful when integrated and utilised individually. Additionally, offers fresh insights into the function of board gender diversity as a corporate governance strategy for earnings management in banks within a developing country environment. Komath et al. (2023) examine the influence of the market value of 242 banks in 43 countries using the management, shareholder value, and CSR ratings from Refinitiv's corporate governance, together with the scores for corporate governance crises. The ESG database from Refinitiv has been used to conduct a route analysis from 2017 to 2021. Banks' market values were positively and statistically significantly correlated with their CSR strategy scores and management evaluations, according to the data. According to the study's findings, corporate governance controversy ratings have a substantial impact on bank market value. Shelly (2024) uses panel data regression analysis to investigate the relationship between corporate governance characteristics and the financial performance of Indian banks during 2012 -2021. By taking into account both independent (Board composition, audit committee size) and dependent (ROA) factors, a descriptive and inferential study approach is undertaken. According to the research, public sector banks with a larger audit committee had greater financial performance, as reflected in higher ROA. Das et al. (2025) examine the connection between corporate governance traits and the financial success of Indian banks between 2012 and 2021 using panel data regression analysis using a suitable model.

Based on the above arguments, the following null hypothesis is developed:

H₀: There is no effect of corporate governance on financial performance of commercial banks in India.

3. Research Methodology

3.1. Data and Variables

This current study is based on secondary data only. To assess the connection between corporate governance and the financial performance of Indian commercial banks, a data set of 220 (bank-year) observations is obtained from 22 banks during the period from 2015 to 2024. The needed data have been obtained from the PROWESS database compiled by the Centre for Monitoring Indian Economy (CMIE). The study focuses on various corporate governance parameters like Board Size, Board Meeting, Audit Committee Size, Audit Committee Meetings, Stakeholder Relationship Committee Size, Stakeholder Relationship Committee Meetings, Remuneration Committee Size, Remuneration Committee Meetings, CEO-duality, Independent Director, and Women Director to determine the level of quality of corporate governance. Also, Profit-after-Tax, Return on Capital Employed, and Earnings per Share are used to measure the bank's performance. Further, three control variables, such as Bank

Size, Bank Age, and Credit-to-Deposit Ratio, have been considered. To examine the relationship between corporate governance and the financial performance of banks, we employed a fixed effects regression model. In addition to regression analysis, descriptive statistics, Correlation Matrix, Panel regression, and Variance Inflation Factor (VIF) were used to ensure the appropriateness of the data for analysis.

Model Specification:

$$PAT = \alpha + \beta_1 BS + \beta_1 BM_{it} + \beta_1 ACS_{it} + \beta_1 ACM_{it} + \beta_1 SRCS_{it} + \beta_1 SRCM_{it} + \beta_1 NRCS_{it} + \beta_1 NRCM_{it} + \beta_1 CEO_{it} + \beta_1 ID_{it} + \beta_1 WD_{it} + \beta_1 SIZE_{it} + \beta_1 AGE_{it} + \beta_1 CDR_{it} + \varepsilon \dots \dots \dots \text{Model I}$$

$$ROCE = \alpha + \beta_1 BS + \beta_1 BM_{it} + \beta_1 ACS_{it} + \beta_1 ACM_{it} + \beta_1 SRCS_{it} + \beta_1 SRCM_{it} + \beta_1 NRCS_{it} + \beta_1 NRCM_{it} + \beta_1 CEO_{it} + \beta_1 ID_{it} + \beta_1 WD_{it} + \beta_1 SIZE_{it} + \beta_1 AGE_{it} + \beta_1 CDR_{it} + \varepsilon \dots \dots \dots \text{Model II}$$

$$EPS = \alpha + \beta_1 BS + \beta_1 BM_{it} + \beta_1 ACS_{it} + \beta_1 ACM_{it} + \beta_1 SRCS_{it} + \beta_1 SRCM_{it} + \beta_1 NRCS_{it} + \beta_1 NRCM_{it} + \beta_1 CEO_{it} + \beta_1 ID_{it} + \beta_1 WD_{it} + \beta_1 SIZE_{it} + \beta_1 AGE_{it} + \beta_1 CDR_{it} + \varepsilon \dots \dots \dots \text{Model III}$$

The description of variables considered in the models is given in Table 1.

Table 1: Description of Variables

Variable	Abbreviation	Description
Dependent Variables		
Profit after tax	PAT	PBT-Tax
Return on Capital Employed	ROCE	EBIT/Capital employed $\times$ 100
Earnings Per Share	EPS	PAT-Preferred dividends/weighted average number of outstanding shares
Independent Variables		
Board Size	BS	Number of members on a board
Board Meetings	BM	Number of board meetings annually
Audit Committee Size	ACS	Number of directors in the audit committee
Audit Committee Meetings	ACM	Number of Audit Committee meetings held in a year
Stakeholder Relationship Committee Size	SRCS	Number of directors on the SRC committee
Stakeholder Relationship Committee Meetings	SRCM	Number of SRC meetings held in a year
Nomination and Remuneration Committee Size	NRCS	Number of directors on the NRC board
Nomination and Remuneration Committee Meetings	NRCM	Number of meetings in the NRC committee annually
CEO-Duality	CEOD	When one person holds both roles of CEO and Chairperson of the Board
Independent Director	ID	Number of independent directors on the board (ID/TD)
Woman Director	WD	Number of women directors on the board
Control Variables		
Size of the Bank	SIZE	Size of the bank as measured by total assets (Natural logarithm of total assets at the end of a financial year)
Age of the Bank	AGE	Natural logarithm of the number of years since incorporation
Credit-to-Deposit Ratio	CDR	Credit lent/total deposits*100

Source: Authors' compilation.

4. Results and Discussion

This section investigates the corporate governance variables affecting the profitability of commercial banks, taking a sample of 22 banks over a period of 10 years from 2015 to 2024.

Table 2: Descriptive Statistics for Model I, II & III

Variable	Mean	Median	Minimum	Maximum	Std. Dev.
PAT	-0.23	0.005	-51.6	0.036	3.48
ROCE	0.77	2.76	-45.3	18.8	9.33
EPS	9.81	7.61	-517	115	45.8
BS	10.6	11	6	21	2.23
BM	13.1	13	4	26	4.02
ACS	4.99	5	3	14	1.8
ACM	11.2	11	2	25	3.65
SRCS	4.37	4	0	12	2.08
SRCM	3.14	4	0	15	1.8
NRCS	3.94	4	0	12	1.35
NRCM	3.97	2	0	28	4.29
CEOD	0.16	0	0	1	0.37
ID	5.22	5	0	9	2.32
WD	1.47	1	0	3	0.78
SIZE	14.5	14.4	7.89	17.2	1.13
AGE	65.3	76.5	1	130	41
CDR	0.78	0.77	0.28	1.4	0.15

Source: Authors' compilation.

Table 2 summarises the attributes of the variables. The average PAT of the sampled banks is -0.23, suggesting that, overall, banks incurred net losses during the study period. This negative profitability highlights structural weaknesses, asset quality issues, and operational inefficiencies that have constrained financial performance. Average ROCE is 0.77 (77%), which indicates that, on average, Commercial banks generated ₹.77 in profit for every ₹1 of capital employed. Similarly, the mean of EPS is ₹ 9.81, suggesting that, on average, each share of Indian commercial banks generated ₹ 9.81 profit annually.

Table 3: Correlation Matrix for Model I, II & III

Variable	PAT	ROCE	EPS	BS	BM	ACS	ACM	SRCS	SRCM	NRCS	NRCM	CEOD	ID	WD	SIZE	AGE	CDR
PAT	1																
ROCE	-0.045	1															
EPS	0.781	0.345	1														
BS	-0.018	0.092	0.078	1													
BM	0.144	-0.142	0.034	0.083	1												
ACS	-0.013	-0.154	-0.106	0.109	0.182	1											
ACM	0.309	-0.006	0.296	0.262	0.593	0.099	1										
SRCS	0.011	-0.114	-0.016	0.240	0.280	0.420	0.183	1									
SRCM	0.080	0.004	0.051	0.098	0.025	-0.006	0.108	0.285	1								
NRCS	0.047	-0.148	-0.040	0.355	0.051	0.177	0.014	0.116	-0.078	1							
NRCM	-0.015	0.295	0.223	0.275	-0.092	-0.286	0.039	-0.255	-0.005	0.282	1						
CEOD	0.031	0.123	0.103	0.122	-0.081	0.040	0.016	0.323	0.167	-0.062	-0.111	1					
ID	-0.382	0.240	-0.162	0.083	-0.227	-0.062	-0.244	-0.187	0.061	-0.028	0.258	-0.064	1				
WD	-0.214	0.073	-0.125	-0.050	-0.022	-0.023	-0.125	-0.037	-0.044	-0.084	0.000	-0.083	0.697	1			
SIZE	0.048	-0.023	0.160	0.215	0.239	0.044	0.455	0.287	0.046	-0.029	-0.015	0.188	-0.390	-0.221	1		
AGE	-0.048	-0.182	-0.132	-0.101	0.423	0.209	0.396	0.254	0.038	-0.214	-0.474	0.107	-0.315	-0.073	0.415	1	
CDR	0.028	0.230	0.188	0.160	-0.343	-0.174	-0.202	-0.186	-0.020	0.139	0.475	-0.077	0.272	0.009	-0.094	-0.609	1

Source: Authors' compilation.

Table 3 demonstrates the Karl Pearson correlation coefficient among bank-specific parameters. The coefficient lies between -0.609 and 0.781, which is within the permissible limit of 0.80 (Gujarati, 2004). This indicates that the data set is free from Multicollinearity concerns.

Table 4: Result of Multicollinearity Test

Variables	BS	BM	ACS	ACM	SRCS	SRCM	NRCS	NRCM	CEOD	ID	WD	SIZE	AGE	CDR
VIF	1.508	1.927	1.42	2.072	1.884	1.208	1.382	1.941	1.231	3.085	2.371	1.846	2.504	1.888

Source: Authors' compilation.

The Variance Inflation Factor (VIF) of BS, BM, AC Size, AC Meetings, SRC Size, SRC Meetings, NRC Size, NRC Meetings, CEO-Duality, ID, WD, Size, Age and CDR is 1.508, 1.927, 1.42, 2.072, 1.884, 1.208, 1.382, 1.941, 1.231, 3.085, 2.371, 1.846, 2.504 and 1.888 respectively which indicates no collinearity among the variables used in this study. Since the highest VIF is 3.085, which falls below the critical threshold of 10 (Chatterjee 1977 & O'Brien 2007), multicollinearity does not pose an issue for the independent variables.

4.1. Regression Analysis of Model I**Table 5: Impact of CG on PAT (Model I)**

PAT as Dependent Variable		
Variable	Coefficient	P-Value
Intercept	-2.144	0.649
BS	0.233	0.784
BM	-0.043	0.941
ACS	-0.131	0.831
ACM	2.87***	0.001
SRCS	0.200*	0.067
SRCM	0.461***	0.001
NRCS	0.014	0.902
NRCM	-0.088*	0.096
CEOD	0.453	0.442
ID	-3.006***	0.001
WD	0.296	0.647
SIZE	2.405***	0.001
AGE	-10.385***	0.001
CDR	-0.861	0.554
R ²	0.801	
Within R ²	0.780	
F (35, 184)	21.225	
P Value (F)	0.001	
Hannan-Quinn	937.538	
Schwarz Criterion	1010.372	
Akaike Criterion	888.201	
Durbin-Watson	1.18	

Note: ***, **, and * indicate significant level at 1%, 5%, and 10%, respectively.

Source: Authors' compilation.

Table 5 depicts the regression result of Model I, measuring the effect of CG on the financial performance of commercial banks using a fixed-effect model. As outlined in the methodology section, prior to implementing the FE model, Panel diagnostic tests were conducted to determine the more appropriate specifications between the FE and RE models. The Hausman Test reported $H = 388.391$ with $p\text{-value} = \text{prob.}(\chi^2(14) > 388.391) = 0.000$, indicating that the FE model provides consistent and reliable data. The P values of each variable reported in the above table reject the null hypothesis that CG has no impact on PAT, and they accept the alternative hypothesis that CG has an impact on PAT of Indian commercial banks. However, the variables such as BS, BM, AC Size, NRC Size, CEO-Duality, WD, and CDR have an insignificant impact on PAT. The study finds that AC Meetings, SRC Size, SRC Meetings, NRC Meetings, ID, and Size of the banks significantly affect profit after tax, whereas BS, BM, AC Size, NRC Size, CEO-Duality, WD, and CDR have an insignificant effect on PAT.

4.2. Regression Analysis of Model II**Table 6: Impact of CG on ROCE (Model II)**

ROCE as Dependent Variable		
Variable	Coefficient	P-Value
Intercept	−20.050	0.347
BS	4.336	0.261
BM	−4.496*	0.093
ACS	−1.077	0.698
ACM	1.152	0.668
SRCS	−0.609	0.217
SRCM	−0.667*	0.089
NRCS	−0.621	0.234
NRCM	0.468*	0.050
CEOD	7.353***	0.006
ID	5.686	0.177
WD	−2.738	0.350
SIZE	2.265	0.194
AGE	−1.891	0.481
CDR	−3.783	0.566
R ²	0.436	
Within R ²	0.135	
F(35, 184)	4.067	
P Value (F)	0.001	
Hannan-Quinn	1601.32	
Schwarz Criterion	1674.155	
Akaike Criterion	1551.985	
Durbin-Watson	1.324	

Note: ***, **, and * indicate significant level at 1%, 5% and 10%, respectively.

Source: Authors' Computation.

Table 6 depicts the regression result of model I, measuring the impact of CG on the financial performance of commercial banks using a fixed effect model. As outlined in the methodology section, prior to implementing the fixed effect model, a panel diagnostic test was conducted to determine the more appropriate specifications between FE and RE models. The Hausman Test reported $H = 14.250$ with $p\text{-value} = \text{prob.}(\chi^2(14) > 14.250) = 0.431$, indicating that the FE model provides consistent and reliable data. The P values of each variable reported in the above table reject the null hypothesis that CG has no impact on ROCE and accept the alternative hypothesis that CG has an impact on ROCE of Indian commercial banks. However, the variables such as BS, AC Size, AC Meetings, SRC Size, NRC size, ID, WD, Size of the bank, Age of the bank, and CDR have an insignificant impact on ROCE. The study finds that NRC Meetings, BM, and SRC Meetings have a significant influence on ROCE. However, BS, AC Size, AC Meetings, SRC Size, NRC size, ID, WD, Size of the bank, Age of the bank, and CDR have an insignificant impact on ROCE.

4.3. Regression Analysis of Model-III

Table 7: Impact of CG on EPS (Model III)

EPS as Dependent Variable		
Variable	Coefficient	P-Value
Constant	-217.970	0.002
BS	35.393***	0.006
BM	-10.225	0.250
ACS	-7.075	0.444
ACM	26.069***	0.003
SRCS	2.087	0.203
SRCM	3.378***	0.001
NRCS	-4.528***	0.009
NRCM	0.552	0.485
CEOD	18.158**	0.041
ID	-12.284	0.379
WD	-1.199	0.901
SIZE	40.254***	0.001
AGE	-119.813***	0.001
CDR	-4.206	0.847
R ²	0.741	
Within R ²	0.643	
F (35, 184)	15.042	
P Value (F)	0.001	
Hannan-Quinn	2129.989	
Akaike Criterion	2080.653	
Schwarz Criterion	2202.824	
Durbin-Watson	1.18	

Note: ***, **, and * indicate significant level at 1%, 5% and 10% respectively

Source: Authors' Computation

Table 7 depicts the regression result of model III, measuring the impact of CG on the financial performance of commercial banks using a fixed-effect model. As outlined in the methodology section, prior to implementing the FE Model, a panel diagnostic test was conducted to determine the most appropriate specifications for the FE and RE models. The Hausman Test reported $H = 186.87$ with $p\text{-value} = \text{prob.}(\chi^2(14) > 186.87) = 0.000$, indicating that the FE model provides consistent and reliable data. The P values of each variable reported in the above table reject the null hypothesis that CG has no impact on EPS, and they support the alternative hypothesis that CG has an impact on EPS of Indian commercial banks. However, the variables such as BM, AC Size, SRC Size, NRC Meetings, ID, WD, and CDR have an insignificant impact on EPS. The study finds that BS, AC Meetings, SRC Meeting, CEO-Duality, and NRC Size, Size of the bank, and Age of the bank have a significant impact on EPS. However, BM, AC Size, SRC Size, NRC Meetings, ID, WD, and CDR have an insignificant impact on EPS of the commercial banks.

5. Conclusion

This research aimed to examine how CG practices influence the financial performance of commercial banks operating in India for 10 years as a whole. The study also examines a comparative study among Large-Cap, Mid-Cap, and Small-Cap. PAT, ROCE, and EPS were considered as explained variables, while BS, BM, AC Size, AC Meetings, SRC Size, SRC Meetings, NRC Size, NRC Meetings, ID, WD,

and CEO-Duality were considered as CG variables for the study. SIZE, AGE, and CDR were considered as control variables. It was found that the selected independent variables significantly affected the profitability of the banks. It is found that sound corporate governance is not only a regulatory compliance mechanism but also a strategic tool for sustaining financial performance and competitiveness in the Indian banking sector. More independent directors on the board is associated with an effect on PAT (profit after tax), possibly because having more independent directors can slow down decision-making. ROCE is much greater when the chief executive officer is also positioned as board chair. More NRC meetings are associated with higher ROCE, which may reflect more active talent and remuneration management, improving efficiency. More board meetings are linked to lower ROCE. If a board needs to meet very often, it could mean that decisions are not being made quickly or implemented efficiently, which can slow down operations. Higher EPS is closely associated with larger boards, perhaps as a result of their greater resources and experience. Regular AC meetings detect irregularities, increase efficiency, and improve the profitability of banks. Older banks show much lower EPS, likely due to slower growth, higher operational costs, and more conservative business strategies, which limit earnings per share despite their established presence.

The above study shall be beneficial to customers by safeguarding their deposits, ensuring fair and transparent treatment, and increasing trust in banks. The study can guide regulators (e.g., RBI, SEBI) in formulating policies to enhance board and committee effectiveness, improve transparency, and strengthen financial stability. Also, help creditors ensure safer investments, assess credit risks, and follow governance practices to ensure stability and profitability.

Hence, it suffers from the inherent limitations of the secondary data. The period of the study is limited to 10 years only. It is confined to commercial banks in India and covers only those banks available in the Prowess database of CMIE. Due to the unavailability of data, it is not possible to include all banks in the sample by excluding foreign banks operating in India.

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