

Evaluating the Evolution and Effectiveness of Corporate Governance Frameworks in Indian Public Sector Banks

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Abstract

Governance of corporations in the banking industry is an essential factor in determining the integrity of financial transactions, the confidence of stakeholders, and the stability of institutions. When it comes to Indian public sector banks (PSBs), corporate governance takes on an even larger relevance because of the direct influence that these institutions have on the functioning of the national economy and the resources that are available to the public. In this review-based paper, a comprehensive evaluation of the evolution, frameworks, and regulatory mechanisms that shape corporate governance in Indian public sector banks (PSBs) is presented. Particular attention is paid to the roles played by the Reserve Bank of India (RBI), the Securities and Exchange Board of India (SEBI), and the Companies Act, 2013. The purpose of this article is to investigate the ways in which different policy milestones, committee recommendations (including the Narayana Murthy and Basel standards), and banking reforms have had affected governance architecture throughout the course of time. The study emphasises recurring governance concerns such as board independence, risk supervision, stakeholder engagement, and regulatory compliance by conducting a critical analysis of secondary data sources such as annual reports, RBI circulars, securities and exchange board of India notifications, and existing literature. The case references provided by Bank of Baroda facilitate the contextualisation of the shortcomings in actual execution and the answers provided by institutions. In addition, the report makes comparisons with governance processes in public banks located in other countries, with the intention of identifying global lessons that might be applied to India. In conclusion, the study provides strategic policy insights and provides a grounded perspective on how to promote corporate governance in public financial institutions in accordance with principles of openness, accountability, and sustainability.

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Introduction

In the banking industry, corporate governance has emerged as an essential component in maintaining the integrity of financial transactions, the effectiveness of operations, and the support of stakeholders. Maintaining systemic stability and minimising financial risks are two of the most important reasons why good corporate governance frameworks are needed on a global scale. Governance not only has an impact on management responsibility in the banking industry, particularly among public banks, but it also plays a role in determining regulatory compliance and performance criteria. The lack of governance frequently leaves organisations vulnerable to fraudulent activity, poor asset quality, and a decline in public confidence (Martin, 2018; Zafar, 2019).

Historically, public sector banks (PSBs) have had a dominating share of the banking system in India. These banks have played an important role in servicing a wide range of public objectives, including financial inclusion and infrastructure lending. Governance changes, on the other hand, have become the focus of attention in light of the growing number of non-performing assets (NPAs) and the recurring banking crises. In Indian public sector banks (PSBs), the necessity of strong governance standards stems from the fact that these institutions have a fiduciary obligation towards public money, government directives, and the confidence of the general public. Damage to a company's reputation and financial disasters have frequently been the result of weak board monitoring, inadequate disclosure requirements, and delays in accounting for executive actions (Bhatia, 2017; Nair, 2020).

Indian Public Sector Banks (PSBs) continue to face a number of governance-related difficulties. Non-compliance with regulatory requirements, excessive political influence in recruitment processes, a lack of independence on the board, and inadequate audit disclosures are some examples of these. These shortcomings have been brought to light as a result of the rise in troubled loans that occurred after the year 2015 and the public outrage around fraud cases such as those involving Punjab National Bank. There is an immediate need for reform since governance failures have resulted in a cascade of negative consequences for profitability, capital adequacy, and operational risk (Chowdhury, 2021; Verma, 2019).

The landscape of corporate governance for banks in India has developed as a result of a number of legislative and regulatory actions. The Companies Act of 2013 helped to establish the parameters for the composition of boards of directors, the independence of directors, and the auditing obligations. Listing Obligations and Disclosure Requirements (LODR) brought to an increase in the disclosure regulations that were imposed on listed banks by SEBI. The Reserve Bank of India (RBI) has released a number of circulars that define the "Fit and Proper" criterion for directors. Additionally, the RBI has placed an emphasis on board responsibility by utilising the Prompt Corrective Action (PCA) framework. In the international arena, the concepts of the Basel Committee and the recommendations of the Narayana Murthy Committee have contributed to the strengthening of risk-based governance and ethical governance methods (Ranganathan, 2022; Khurana, 2021).

Recent statistics from the Reserve Bank of India's enforcement actions and the Securities and Exchange Board of India's compliance scorecards suggest subtle improvements in governance compliance across PSBs. Governance scorecards, which are issued by independent entities such as the International Business Association (IBA) and rating agencies, demonstrate development that is sluggish but noticeable. The quality of audits, risk management committees, and the prompt sharing of bad information are all areas that still require improvement. In spite of the fact that public sector banks (PSBs) are falling behind their private counterparts in terms of public confidence and transparency, the World Bank's Global Governance Indicators indicate that India's regulatory quality and control of corruption are gradually improving (Dasgupta, 2020; Menon, 2022).

This paper aims to critically examine the evolution, current frameworks, and challenges of corporate governance in Indian PSBs using a review-based approach. It particularly focuses on the Bank of Baroda as a case institution to understand the thematic implications of governance norms on operational conduct.

The research was conducted using a framework that was both descriptive and analytical. The study relied solely on secondary data and utilised a qualitative review approach in order to investigate thematic connections between governance regulations and banking performance.

From 2017 to 2022, data were gathered from a variety of sources, including RBI circulars that were accessible to the public, SEBI rules, portions of the Companies Act, reports from global financial institutions, and journals that were subjected to peer review. These sources provide validated insights into the levels of compliance and governance performance in public sector organisations (PSBs).

For the purpose of this study, thematic content analysis was utilised, and the material that was read was arranged into areas such as regulatory changes, board structure, disclosure standards, and performance impact. The governance procedures of the Bank of Baroda were analysed in order to gain comparative insights, and these findings were then cross-referenced with those of other public sector banks.

Corporate Governance: Evolution and Regulatory Foundations

The landscape of corporate governance in India has undergone a dynamic transformation, which has been influenced by both domestic changes and international best practices. In the beginning, the idea of corporate governance was developed in the setting of India as a reaction to the rising acknowledgement of ethical failings in huge organisations and the financial crises that occurred with those organisations. The commencement of formal regulatory measures to improve transparency and accountability in corporate organisations may be traced back to the liberalisation phase that occurred in the early 1990s. The Confederation of Indian Industry (CII) took the initiative to establish a voluntary code in the year 1998. Subsequently, the Securities and Exchange Board of India (SEBI) introduced Clause 49 in the Listing Agreement in order to institutionalise governance in firms that are listed on the stock exchange. During this progression, a transition occurred from management models that were driven by promoters to governance models that were centred on stakeholders (Banerjee, 2017; Dhillon, 2021).

The regulation of the Indian banking system was further affected by global standards such as the Basel II and III frameworks, as well as the principles of the Organisation for Economic Co-operation and Development (OECD). The implementation of risk-based capital adequacy criteria, stress testing, and internal control mandates as a result of Basel standards has had a direct impact on the manner in which public sector banks (PSBs) manage risk and organise their internal governance processes. Indian reforms were linked with the principles of the Organisation for Economic Cooperation and Development (OECD), which placed an emphasis on board duties, shareholder rights, transparency rules, and equal treatment to serve as a benchmark (Gupta, 2019; Kapoor, 2022). These international standards created a robust framework, compelling Indian regulators to adopt reforms that mirrored global best practices in board independence, disclosure obligations, and oversight mechanisms.

Important as well have been India's efforts to reform its indigenous population. The Narayana Murthy Committee, which was established in 2003, placed a significant emphasis on openness, independent directors, and board duties. This event marked a significant turning point in the process of increase investor trust. In addition to laying the groundwork for more legislative reforms, it suggested required disclosures and a certification mechanism for chief executive officers and chief financial officers. After some time had passed, in 2017, the Uday Kotak Committee was established with the purpose of bringing attention to the institutionalisation of governance rules, with a particular emphasis on board diversity, audit committees, and the separation of the responsibilities of CEO and Chairperson. In response to these recommendations, the Securities and Exchange Board of India (SEBI) made changes to the Listing Obligations and Disclosure Requirements (LODR) laws in order to reflect greater governance standards (Taneja, 2020; Menon, 2021).

There has also been an increase in the number of policy interventions that focus on governance ratings and changes in public sector banks. The incorporation of governance indicators into bank ratings has begun to be considered by credit rating agencies and institutions such as CRISIL and ICRA. While this was going on, the Government of India went ahead and implemented the GRAF (Governance, Risk, Accountability, and Framework) matrix as well as the EASE (Enhanced Access and Service Excellence) reforms. These reforms are now being utilised to evaluate the effectiveness of governance in public sector banks. The digital governance, responsible banking, transparency, and alignment of human resources with business goals are the focal points of these changes. The technique behind ratings, on the other hand, frequently varies, which results in discrepancies when evaluating the real governance performance of various PSBs (Ravichandran, 2018; Sharma, 2022).

There has been a convergence of local initiatives, international norms, and regulatory actions in India's public sector banking system, which has resulted in the formation of corporate governance in this system. Despite the fact that there are still issues in consistent implementation, particularly among state-owned banks, the transition from basic compliance to performance-linked governance measures is a reflection of a mature regulatory framework.

Regulatory Institutions and Legal Provisions

Banking in India's public sector is backed by a triangle of regulatory organisations: the Reserve Bank of India (RBI), the Securities and Exchange Board of India (SEBI), and the Ministry of Corporate Affairs. Each of these agencies has a role in supervision that is interconnected and occasionally overlaps with the other. In addition to its role as the principal regulator of banking activity, the Reserve Bank of India (RBI) serves as the central monetary authority in India. Core governance principles have been established by the Reserve Bank of India (RBI) through a variety of circulars, master directions, and supervisory audits. These practices demand risk-based internal audits, the categorisation of non-performing assets (NPAs), board-level independence, and ethical standards in decision-making (Verma, 2021). As an additional point of interest, the implementation of the Prompt Corrective Action (PCA) framework by the Reserve Bank of India has been of great assistance in altering the risk posture and financial health of public banks that are not doing well. It has been observed that the Reserve Bank of India (RBI) has certain limits in its ability to oversee board nominations in public sector banks, which are principally managed by the Ministry of Finance. This has an impact on the complete execution of the regulations (Khandelwal, 2019).

Despite the fact that it is primarily responsible for supervising listed firms, the Securities and Exchange Board of India (SEBI) has a substantial impact on public sector banks that are listed in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Since SEBI places such a strong focus on openness, board independence, disclosure schedules, and audit committees, there has been a greater degree of compliance with global governance standards. Specific articles in the listing agreements provide further support for these obligations. These clauses require financial institutions to make public disclosures of their strategic and financial choices on a regular basis (Chatterjee, 2020). However, the scope of SEBI's authority is still restricted to unlisted public sector banks, and the majority of enforcement actions are performed in a reactive rather than preventative manner, which raises worries about compliance measures that are behind the times.

The Companies Act of 2013 has emerged as the primary legislative framework for governance in Indian corporations, including public sector banks. Despite the fact that the Act contains a number of parts that are directly applicable to PSBs, such as Section 134 (Financial Statements and Board's Report), Section 177 (Audit Committee), and Section 149 (Board Composition), many of its governance rules are watered down for PSBs by means of exclusions. These dilutions, which were made in accordance with Section 462 of the Act, result in board accountability that is less strict in comparison to alternatives in the private sector (Sharma, 2018). Particularly in light of the growing number of non-performing assets (NPAs) and fraud cases in public sector banks (PSBs), this dual governance treatment between private and public banks has garnered criticism.

There are still areas of overlap and uncertainty, despite the fact that two separate regulatory arms are in place. The Reserve Bank of India (RBI), the Securities and Exchange Board of India (SEBI), and the Ministry of Corporate Affairs frequently engage in regulatory arbitrage, duplicate compliance, or uneven enforcement due to their lack of convergence. For instance, the

Reserve Bank of India (RBI) may offer governance directions, while the Securities and Exchange Board of India (SEBI) rules may be in disagreement with regard to the criteria for board structure or disclosure frequency. The efficacy of the entire governance framework is diminished as a result of these fragmented controls, which frequently result in accountability gaps. This is notably true in the banking sector, where political influence in appointment processes continues to impede structural changes (Patel, 2022). Consequently, the regulatory architecture may appear to be complete; nevertheless, due to its fragmented character, it is necessary to harmonise it in order to guarantee that all public sector banks adhere to governance norms that are robust, uniform, and enforceable.

Institutional Case Study: Bank of Baroda

In particular, following its merger with Dena Bank and Vijaya Bank in 2019, the Bank of Baroda (BoB), which is one of the major public sector banks in India, has emerged as a central topic of discussion in the context of corporate governance reforms. It has been established that BoB has made significant progress in the implementation of governance procedures that are in accordance with both national and international norms. In order to ensure that it continues to comply with the LODR rules established by SEBI and the Fit and Proper Criteria established by the RBI, the composition of its board has been formed. According to the most recent reports, the board is made up of a combination of executive and non-executive directors, as well as independent members that have competence in the fields of law, risk management, and finance. Furthermore, the quality of strategic supervision is improved as a result of this composition, which guarantees that the framework for decision-making has checks and balances (Arora, 2020; Kumar, 2022).

The financial institution has also placed an emphasis on better governance disclosures, producing comprehensive yearly reports and assertions of compliance with corporate governance regulations. The attendance of board members, the frequency of board meetings, the composition of committees, and the compensation of directors are all disclosed here. When compared to previous years, the annual statements of BoB have demonstrated increased openness with regard to related-party transactions and key management remuneration. This is a reflection of the company's efforts to increase its reputation for public accountability. As an additional point of interest, the structure of BoB's internal audit has been reinforced after the merger. Compliance is ensured at the branch, zonal, and corporate levels through the utilisation of a multi-layered audit methodology. By implementing risk-based internal audit standards in accordance with the recommendations provided by the Reserve Bank of India (RBI), the bank has been able to improve its ability to monitor loan portfolios and effectively manage developing financial risks (Ghosh, 2019; Tandon, 2022).

When benchmarked against its peers like Punjab National Bank (PNB) and Canara Bank, BoB has demonstrated more progressive disclosure practices and board independence. The Philippine National Bank (PNB) has had governance failures in recent years, including failures in fraud detection measures, which have brought to light deficiencies in board vigilance and audit monitoring. Even though Canara Bank has managed to keep its governance structures in a respectable state, the bank is still playing catch-up when it comes to integrating digital governance tools and expediting the process of redressing client complaints. On the other hand,

BoB has not only established a board-level IT Strategy Committee, but it has also created governance dashboards to monitor and report critical risk and audit indicators to stakeholders. This represents a significant step forward in the process of integrating technology with governance frameworks (Reddy, 2020; Jaiswal, 2021).

It is possible to gain more insight into the efficiency of the governance architecture of BoB by analysing its performance after it merged with Dena and Vijaya Banks. Through the merger, the goals of consolidating assets, reducing operational redundancies, and improving financial resilience should be accomplished. In the aftermath of the merger, BoB was able to keep its capital adequacy ratio consistent and lower its gross nonperforming asset percentage, both of which are indications of improved asset quality monitoring. Reorganisation of governance structures was carried out in order to accommodate representatives from the merging companies. This was done to ensure continuity and the transfer of institutional expertise. Although there were initial difficulties with integration, notably in terms of harmonising information technology systems and branch rationalisation, these difficulties were progressively overcome via the use of organised project management procedures under the oversight of the board (Naik, 2021; Sengupta, 2019).

Overall, the instance of BoB exemplifies how governance improvements may be practically implemented within an institutional environment that is somewhat complicated. As a result of its board composition, proactive disclosure procedures, and merger management techniques, it proves to be an invaluable institutional case study since it exemplifies the changing character of corporate governance in public sector banking in India.

Comparative Global Practices and Learnings

It is essential for Indian public sector banks to gain valuable insights from a comparative review of corporate governance in public sector banks throughout the world, particularly with regard to aligning themselves with international best practices. Institutions such as the Royal Bank of Canada (RBC) and the Bank of England (BoE) provide examples that are considered to be excellent in terms of corporate governance frameworks, risk mitigation strategies, and transparency requirements. Despite the fact that it operates under a hybrid public-private paradigm, the Royal Bank of Canada has adopted rigorous board governance. This governance includes a majority of independent directors, thorough performance-based assessment mechanisms, and transparency standards that include all stakeholders. Over the course of the last ten years, these characteristics have contributed to the preservation of strong investor confidence and financial sustainability (McKenzie, 2020; O'Connor, 2019).

Through the establishment of independent oversight committees and a code of governance that is suited to public accountability, the Bank of England, which functions as a central financial institution with regulatory and operational branches, has accepted the clear delineation of roles. The Prudential Regulation Committee (PRC) of this organisation functions separately from the decision-making process for monetary policy, thereby isolating the impact of policy from the evaluation of regulatory compliance. In addition, the Bank of England has implemented forward-looking disclosures, which also include the results of stress tests, estimates for capital

planning, and environmental risk exposure. This is a process that has not yet been completely institutionalised in Indian public sector banks (Farrelly, 2018; Neumann, 2022). These governance innovations support long-term policy coherence and institutional credibility, reducing political or external interference in decision-making.

Corporate governance scorecards have also been established by the World Bank and the International Finance Corporation (IFC), which give comparative scores for banks located in different nations. When determining these rankings, several aspects are taken into consideration, including board structure, audit processes, risk management, transparency, and inclusivity of stakeholders. When compared with their counterparts in Europe and North America, public sector organisations (PSBs) in India have continuously received poorer scores in categories relating to board independence, compensation transparency, and protection for information whistleblowers. Many public sector banks in India continue to operate under tightly controlled appointment structures that are influenced by government nominations, and they frequently lack the diversity and professional expertise that is evident in global models. For example, while banks in Canada and the United Kingdom mandate independent chairpersons and limit the tenures of board members, many Indian PSBs continue to operate such structures (Raynor, 2019; Ahmed, 2021).

The role that technology plays in improving corporate governance is one of the most important lessons that Indian public sector banks have learnt from their overseas counterparts. Compliance and monitoring technologies that are enabled by artificial intelligence (AI) have been utilised by RBC in order to handle internal audits, identify fraudulent activity, and report on regulatory compliance. Furthermore, despite the fact that Indian banks have begun to implement digital technologies, governance technology has not yet been incorporated into fundamental decision-making frameworks with the same level of rigour. In addition, the performance-based board evaluation model that is utilised in the United Kingdom guarantees that performance evaluations are conducted in an objective manner. This approach requires non-executive directors to be evaluated by independent third parties. This concept encourages accountability and has the potential to be a substantial reform road for public sector banks in India, where available instruments of this kind are still restricted (Gale, 2022; Lavigne, 2017).

Furthermore, worldwide financial institutions have demonstrated a higher level of effectiveness in the management of non-performing assets (NPAs) by utilising governance-driven lending control. When it comes to identifying early warning signals, RBC makes use of predictive analytics and credit risk committees at the board level. On the other hand, Indian public sector banks continue to struggle with difficulties caused by delays in detection and politically driven lending decisions. It is possible that the resilience of public sector banks (PSBs) to the effects of financial crisis might be improved by strengthening the independence and technical competence of risk committees, as witnessed worldwide (Howard, 2021; Mendes, 2020).

When taken as a whole, the comparative analysis highlights the urgent need for Indian public sector banks to adopt a governance model that is more comprehensive, performance-oriented, and stakeholder-driven. The incorporation of independent board supervision, risk tracking that is facilitated by technology, and greater transparency measures are some of the essential lessons

that can help bridge the governance gap that exists between financial institutions in India and those in other countries.

Challenges and Recommendations

Corporate governance in Indian public sector banks is confronted with a multiplicity of obstacles that restrict its efficacy in attaining transparency, accountability, and long-term financial success. These challenges limit the effectiveness of management. One of the most persistent problems is the conflict of interest that occurs as a result of the government's dual role as both the owner and the regulator of public sector banks. This is one of the reasons why many problems continue to exist. This duality frequently leads to nominations to board positions that are motivated by political considerations and undue influence in the processes of strategic decision-making, which in turn undermines the autonomy and objectivity that are necessary for efficient governance. The absence of protection from political influences is another factor that contributes to inefficiencies in the administration of credit, the approval of loans, and the policies regarding human resources.

There is a considerable lack of adequate training and capacity building at the board level, which is another important obstacle. A significant number of board members nominated to positions in public sector banks do not possess extensive domain-specific experience in areas such as risk management, financial compliance, and digital banking technology. Because of this, the board's participation in the intricate decision-making processes is severely restricted, which in turn lowers the quality of the strategic supervision done. In addition, the board's efficacy in reacting to dynamic banking risks and compliance needs is diminished due to its limited exposure to worldwide best practices and growing financial legislation.

An other significant obstacle is the low levels of independence that exist among board members. It is common for public sector banks to have boards of directors that are dominated by persons with significant political links or by executives from inside the institution. The lack of a majority of independent directors at the board limits the board's capacity to oppose management decisions or investigate anomalies, which ultimately results in accountability frameworks that are not as strong as they could be. Furthermore, audit committees and risk management bodies inside these institutions typically lack the operational independence that is necessary for them to successfully carry out their responsibilities.

In order to overcome these issues, specific solutions might be given in a number of different ways. To begin, there is an immediate requirement to tighten board supervision by reevaluating the nomination process and making certain that persons who have demonstrated knowledge, integrity, and independence are selected to critical roles. Selection committees for board appointments are required to have members who are not affiliated with the organisation and to adhere to a transparent approach that minimises the impact of outside influences. In the second place, it is imperative that all board members participate in training programs that are both consistent and required. These programs are required to include topics such as principles of corporate governance, developing financial technology, changes in regulatory policies, and ethical leadership policies and practices.

Third, it is of the utmost importance to harmonise the various legislative frameworks that regulate corporate governance to ensure consistency. India's public sector banks (PSBs) are currently subject to many regulatory frameworks, including the Companies Act, RBI directives, and SEBI's LODR regulations. Additionally, this multiplicity frequently results in misunderstanding regarding compliance and regulatory arbitrage. Increasing the efficiency of governance and reducing the regulatory load on banks may be accomplished through the implementation of a unified regulatory framework that includes defined responsibilities and compliance criteria that are not redundant.

In addition, financial institutions should be urged to enhance their use of digital disclosures in order to guarantee increased openness and accessibility of information to various stakeholders. Real-time updates on board decisions, audit results, and corporate social responsibility expenditures that are broadcast on bank portals and shared with regulatory agencies have the potential to bridge the trust deficit and enhance public confidence for the institution. In conclusion, the establishment of procedures for the protection of whistleblowers and the performance of periodic audits of governance by third parties are two further ways to further foster a culture of accountability and openness.

It is possible for Indian public sector banks, particularly institutions such as Bank of Baroda, to dramatically improve their corporate governance standards and align themselves more closely with global best practices if they address these fundamental difficulties and put these recommendations into action. Because of this, not only will the operational and financial outcomes be improved, but the trust of stakeholders will also be restored in the long run.

Conclusion

The research that was conducted on corporate governance and disclosure standards in Indian public sector banks, with a particular emphasis on Bank of Baroda, brought to light a number of significant observations that emphasised the dynamic but complex character of governance systems in the banking sector. Global influences, legislative changes, and domestic imperatives all had a role in shaping the evolution of corporate governance in India, which has followed a structured course throughout its history. On the other hand, despite the existence of a number of different legislative requirements, institutional structures, and policy suggestions, there were still substantial gaps in the implementation and enforcement of governance rules.

An examination indicated that public sector banks, although adhering to formal regulatory requirements such as the Companies Act 2013, RBI recommendations, and SEBI rules, frequently suffered with practical challenges with board independence, conflicts of interest, and transparency. This was the case even though these banks were in compliance with these mandates. The quality of decisions that were made was negatively impacted as a result of these concerns, and the spirit of accountability and interaction with stakeholders was further weakened. The historical study also revealed that the majority of governance changes in Indian public sector banks were reactive in nature, meaning that they were spurred by financial crises or governmental pressure. This is in contrast to the proactive and preventative nature of the reforms.

It was established via the comparison with worldwide norms that Indian public sector banks fell behind their overseas counterparts in terms of implementing progressive governance models. This was particularly the case in areas such as digital disclosures, stakeholder involvement, and risk supervision. Strong governance strategies had been established by institutions such as the Royal Bank of Canada and the Bank of England. These strategies placed an emphasis on board competency, regulatory cooperation, and transparency in governance indicators that were connected to performance. The lessons that these models taught were extremely helpful for Indian banks that were working to strengthen their corporate governance systems.

It was also discovered that significant regulatory entities like the Reserve Bank of India (RBI) and the Securities and Exchange Board of India (SEBI) play a crucial role; nevertheless, compliance issues are sometimes caused by overlapping missions and ambiguous jurisdiction. An further obstacle that made the process of effective regulation and monitoring more difficult was the absence of a consistent governance framework. Because of this, there was a need for simplified coordination among regulatory bodies as well as the formulation of a comprehensive governance strategy that could be executed in a standard manner throughout all public sector banks.

Additionally, the study brought to light the significance of governance in the management of systemic risks, the enhancement of customer happiness, and the guarantee of the financial integrity of financial institutions. Despite the fact that there were a great number of committees and changes that were designed to improve governance, the real influence on practices at the ground level remained limited. Some of the most significant issues included nominations that were affected by politics, inadequate training for board members, and the absence of rigorous internal audit processes.

Taking into consideration these findings, it was determined that although the regulatory framework for corporate governance in Indian public sector banks had developed to a significant degree, the implementation of this framework required immediate attention and restructuring. It is imperative that future paths prioritise the reduction of political influence, the enhancement of regulatory clarity, the increase of board competency, and the institutionalisation of openness through digital disclosures and audits conducted by third parties. For the change of governance standards in public sector banks, it is vital to take a proactive, future-oriented strategy that places an emphasis on responsibility, performance, and the value that stakeholders get.

Indian public sector banks (PSBs) have the ability to align themselves with global governance benchmarks and restore the confidence of the general public if they bridge the gap between policy and practice. The strengthening of governance structures will not only increase operational efficiency and risk management, but it will also guarantee that these institutions perform their social and developmental objectives in an economic context that is continually developing.

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