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Corporate Governance: An Outlook on Indian Banks and Customers' Interest

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Abstract

Corporate Governance (CG) refers to a process of adhering rules and policies established to control Corporate Functions. Generally, Corporate Governance essentially involves Accountability and an act of Balancing the Interests of the many stakeholders in a company - these include its shareholders, management, customers, suppliers, financiers, government and the community at large. Since Corporate Governance also provides the framework for attaining a company's objectives, it encompasses practically every sphere of management, from action plans and internal controls to Performance Measurement and Corporate Disclosure. Financial discipline and Corporate Governance plays an important role in the transformation process of Accountability and Responsibility towards the stakeholders of the Business Organization. Though, every business organization's prime objective is to make profits and this objective will sustain in the long run if the business is run by being transparent. Banks have a greater Responsibility and Accountability towards stakeholders in achieving the desired objectives. This paper deals with a survey on the Parameters of Corporate Governance Practices from Customers Perspective.

Keywords: Corporate Governance (CG), Balancing the Interests, Accountability and Responsibility.

Introduction: Corporate governance refers to "The set of systems, principles and processes by which a company is governed. They provide the guidelines as to how the company can be directed or controlled such that it can fulfill its goals and objectives in a manner that adds to the value of the company and is also beneficial for all stakeholders in the long term. Stakeholders in this case would include everyone ranging from the board of directors, management, shareholders to customers, employees and society. The management of the company hence assumes the role of a trustee for all the others." It is a set of lawful and institutional arrangements that determine the domain and controlling patterns for public corporations. Corporate Governance principles can prove to be valuable for the organization when there is independent and transparent process to evaluate the performance of board members. It has been made mandatory requirement for all kinds of organizations to put

Code of Corporate Governance as part of their annual reports and effectively adhere their operations and workings in accordance to that. In spite of compulsory requirement, Corporate Governance applicability in public sector is less effective than private sector. Although Public Sector Banks are better rated than Private Sector Banks in terms of transparency, still handling of complaints, behaviour of employees is better in Private Sector Banks than Public Sector Banks

Global Genesis of concept of Corporate Governance: The seeds of modern Corporate Governance were probably sown by the Watergate scandal in the United States. As a result of subsequent investigations, US regulatory and legislative bodies were able to highlight control failures that had allowed several major corporations to make illegal political contributions. This led to the development of the Foreign and Corrupt Practices Act of 1977 in USA that contained specific provisions regarding the establishment, maintenance and review of systems of internal control.

This was followed in 1979 by the Securities and Exchange Commission of USA's proposals for mandatory reporting on internal financial controls. In 1985, following a series of high profile business failures in the USA, the most notable one of which being the Savings and Loan collapse, the Treadway Commission was formed. Its primary role was to identify the main causes of misrepresentation in financial reports and to recommend ways of reducing incidence thereof. The Treadway report published in 1987 highlighted the need for a proper control environment, independent audit committees and an objective Internal Audit function. It called for published reports on the effectiveness of internal control. It also requested the sponsoring organizations to develop an integrated set of internal control criteria to enable companies to improve their systemic measures.

Accordingly COSO (Committee of Sponsoring Organizations) was born. The report produced by it in 1992 stipulated a control framework which has been endorsed and refined in the four subsequent UK reports: Cadbury, Rutteman, Hampel and Turnbull. While developments in the United States stimulated debate in the UK, a spate of scandals and collapses in that country in the late 1980s and early 1990's led shareholders and banks to worry about their investments. These also led the Government in UK to recognize that the then existing legislation and self-regulation were not working.

Companies such as Polly Peck, British & Commonwealth, BCCI, and Robert Maxwell's Mirror Group News International in UK were all victims of the boom-to-bust decade of the 1980s. Several companies, which saw explosive growth in earnings, ended the decade in a memorably disastrous manner. Such spectacular corporate failures arose primarily out of poorly managed business practices.

It was in an attempt to prevent the recurrence of such business failures that the Cadbury Committee, under the chairmanship of Sir Adrian Cadbury, was set up by the London Stock Exchange in May 1991. The committee, consisting of representatives drawn from the top levels of British industry, was given the task of drafting a code of practices to assist corporations in U.K. in defining and applying internal controls to limit their exposure to financial loss, from whatever cause.

With this background of genesis of Corporate Governance practices across the globe, it may be pertinent to recall the earliest definition of Corporate Governance by the Economist and Noble laureate Milton Friedman. According to him, "Corporate Governance is to conduct the business in accordance with owner or shareholders' desires, which generally will be to make as much money as possible, while conforming to the basic rules of the society embodied in law and local customs."

Corporate Governance Practices in Banks: Adoption of Corporate Governance practices in banks has begun to reflect changes in the style of governance and their growth pattern. Before we embark on further study of its role in banking system, a quick look at the pace of growth of banking sector will help us crystallize our views. The following sections will provide a snap shot of how the banks have broadly done in the recent years. These sections will also attempt quantification of performance of banks in the capital market which has a better correlation with the policy of corporate governance measures.

More emphasis is laid globally on evolving best practices in corporate governance. Good governance is the sine-quo-non of running organizations to enhance their prospects of growth. The standard of governance of companies has also come to be known as the pulse of advancement of civilization. A set of well-run companies in a country can contribute to the enhancement of stake holder value that goes to enrich the society. Hence it is essential that the principles of corporate governance and its regulatory system needs to be reinforced to keep up a productive corporate culture. There have been glaring instances of failure of key companies across the globe, more particularly in the last few years exposing the vulnerability of corporate sector to failures in governance. Such failure of companies has multiple ramifications. Beginning with the identity of the company, all the stake holders and even the society at large are forced to experience irreparable loss.

Corporate Governance as a school of thought is globally practiced as an ethical, board driven policy prescription that can put companies on a sustained growth trajectory having potentiality to contribute substantially to the society. Presence of a large number of such successful companies builds up a productive environment forging a constructive alliance with the economic development of the country. Hence establishment of a high standard of corporate governance is necessary for consistency in economic development. But many times certain companies are unable to effectively disseminate the principles of corporate governance to the top management stream leading to their failure. Such failed institutions are detrimental to the stakeholders and welfare of the society.

Globalised economies seeking to maximize stakeholder values many times build up a tendency to fall prey to look for short term gains leading to breakdown of systemic controls and many times resulting in the closure of the units. The demise of the corporate begins with the break down in adhering to the ethical values, sacrificing good governance and succumbing of the management to the temptation to make large non existing profits for earning lump sum bonus and higher remunerations. In the sustainable interest of the organization, effectiveness of checks and balances in protecting the value system of the organization assumes more importance.

Broad Principles of Corporate Governance guidelines for Banks: Effective corporate governance practices are essential to achieving and maintaining public trust and confidence in the banking system, which are critical to the proper functioning of the banking sector and economy as a whole. Poor corporate governance may contribute to bank failures, which can pose significant public costs and consequences due to their potential impact on any applicable deposit insurance systems and the possibility of broader macroeconomic implications, such as contagion risk and impact on payment systems. In addition, poor corporate governance can lead markets to lose confidence in the ability of a bank to properly manage its assets and liabilities, including deposits, which could in turn trigger a bank run or liquidity crisis. Indeed, in addition to their responsibilities to shareholders, banks also have a responsibility to their depositors.

The OECD principles define corporate governance as involving "a set of relationships between a company's management, its board, its shareholders, and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined. Good corporate governance should provide proper incentives for the board and management to pursue objectives that are in the interests of the company and its shareholders and should facilitate effective monitoring. The presence of an effective corporate governance system, within an individual company and across an economy as a whole, helps to provide a degree of confidence that is necessary for the proper functioning of a market economy."

From a banking industry perspective, corporate governance involves the manner in which the business and affairs of banks are governed by their boards of directors and senior management, which affects how they function:

Set corporate objectives:

- Operate the bank's business on a day-today basis;
- Meet the obligation of accountability to their shareholders and take into account the interests of other recognized stakeholders;
- Align corporate activities and behavior with the expectation that banks will operate in a safe and sound manner, and in compliance with applicable laws and regulations; and
- Protect the interests of depositors.

Supervisors have a keen interest in sound corporate governance as it is an essential element in the safe and sound functioning of a bank and may affect the bank's risk profile if not implemented effectively. As the functions of the board of directors and senior management with regard to setting policies, implementing policies and monitoring compliance are key elements in the control functions of a bank, effective oversight of the business and affairs of a bank by its board and senior management contributes to the maintenance of an efficient and cost-effective supervisory system. Sound corporate governance also contributes to the protection of depositors of the bank and permits the supervisor to place more reliance on the bank's internal processes. In this regard, supervisory experience underscores the importance of having the appropriate levels of accountability and checks and balances within each bank. Moreover, sound corporate governance practices are especially important in situations where a bank is experiencing problems, or where significant corrective action is necessary, as the supervisor may require the board of directors' substantial involvement in seeking solutions and overseeing the implementation of corrective actions.

Genesis of Corporate Governance in Indian Banks: As a prelude to institutionalize Corporate Governance in banks, an Advisory Group on Corporate Governance was formed under the chairmanship of Dr. R.H. Patil. Following its recommendations in March 2001 another Consultative Group was constituted in November 2001 under the Chairmanship of Dr. A.S. Ganguly: basically, with a view to strengthen the internal supervisory role of the Boards in banks in India. This move was further reinforced by certain observations of the Advisory Group on Banking Supervision under the chairmanship, Shri M.S. Verma which submitted its report in January 2003. Keeping all these recommendations in view and the cross-country experience, the Reserve Bank initiated several measures to strengthen the corporate governance in the Indian banking sector.

Indian banking system consists of Public/Private sector banks having a basic difference between them as far as the Reserve Bank's role in governance matters relevant to banking is concerned. The current regulatory framework ensures, by and large, uniform treatment of private and PSBs in so far as prudential aspects are concerned. However, some of the governance aspects of PSBs, though they have a bearing on prudential aspects, are exempt from applicability of the relevant provisions of the Banking Regulation Act, as they are governed by the respective legislations under which various PSBs were set up. In brief, therefore, the approach of RBI has been to ensure, to the extent possible, uniform treatment of the PSBs and the private sector banks in regard to prudential regulations.

In regard to governance aspects of banking, the Reserve Bank prescribed its policy framework for the private sector banks. It also suggested to the Government the same framework for adoption, as appropriate, consistent with the legal and policy imperatives in PSBs as well. Hence the endeavour is to maintain uniformity in policy prescriptions to the best possible extent for all types of banks.

Since role of Independent Directors form the basis for effective implementation of corporate governance in banks, it is necessary to reproduce the code of conduct prescribed under SCHEDULE IV [*section* 149(7)] as prescribed in Companies Bill 2012 for the guidance to the companies. These are reproduced from the Companies' bill 2012.

Literature review: Hemali Chokshi, (2015): Corporate governance is an age old concept which provides for a set of transparent relationships between an institutions management, its board, shareholders and other stakeholders. Corporate governance is gaining centre stage in the recent times due to failure of corporate and wide dissatisfaction among the people with the way corporate works and hence became a widely discussed topic worldwide. Bank and Financial Institutions are the backbone of the economic sector of any country. The healthy economic condition of a nation is depicted through the sound functioning of its banks. Banks form a crucial link of a country's economic sector hence they are universally regulated industry and their wellbeing is imperative for the economy.

Working of banks is different from other corporate in many important respects, and that makes corporate governance of bank not only different but also critical. Hence corporate governance is conceptually different for banks. If a corporate fails, the fall outs can be restricted to the stakeholders, but if a bank fails, the impact can spread rapidly through other banks with potentially serious consequences for the entire financial system and the macro economy. Thus though various guidelines are provided for working of a bank, corporate governance cannot be overlooked or discarded. Regulations, guidelines and corporate governance are complementary to each other in banking industry.

Lev Ratnovski, Luc Laeven, Hui Tong 2014 Bank distress during the recent crisis caused significant damage to the real economy. Appropriately, the policy response focused on stronger bank supervision and regulation. This column asks if there is a role for improvements in bank corporate governance. Based on the literature the authors suggest that better risk management, regulation of pay, and enhanced market discipline can help make banks safer. However, corporate governance cannot substitute for strong supervision: it can at best provide a helping hand.

Michael Pomerleano, Robert E. Litan V. Sundararajan 2002 Policymakers and analysts are still sifting through the wreckage of the Asian financial crisis of 1997 and the subsequent crises in Russia, Turkey, and Argentina to discern key lessons so that similar crises will not recur. Some lessons are by now well understood. Pegged exchange rates can encourage excessive borrowing and expose countries to financial collapse when foreign exchange reserves run dry. Inadequate disclosures by both private companies and public bodies can lead to similar dangers. Although many factors undoubtedly contributed to these crises, it is now widely recognized that each suffered from a failure in "governance," and in particular a failure in governance in their financial sectors.

Accordingly, the World Bank Group, the International Monetary Fund (IMF), and the Brookings Institution devoted their fourth annual Financial Markets and Development Conference, held in New York from April 17-19, 2002, to the subject of financial sector governance in emerging markets. This conference report summarizes some of the highlights of the conference, whose full proceedings will be published as a Brookings book in the fall of 2002.

Shashank Pant & Anish Ohlan 2015: Corporate governance is gaining center stage in the recent times due to failure of corporate and wide dissatisfaction among the people with the way corporate works and hence became a widely discussed topic worldwide. Corporate

Governance is now recognized as a paradigm for improving competitiveness and enhancing efficiency and thus improving investors' confidence and accessing capital. If a corporate fails, the fall outs can be restricted to the stakeholders, but if a bank fails, the impact can spread rapidly through other banks with potentially serious consequences for the entire financial system and the macro economy. Thus though various guidelines are provided for working of a bank, corporate governance cannot be overlooked or discarded. Regulations, guidelines and corporate governance are complementary to each other in banking industry.

A.P. Pati 2006: Banks being the most influential institutions in the financial sector their governance is of crucial importance. The post implementation scenario of corporate governance policies in Indian banking, which was undertaken after the recommendations of Advisory Group (2001) and others, has brought mixed outcomes. Along with qualitative changes in disclosure practices most of the banks have shown handsome profit and low NPAs. Statistically significant correlations of governance with important financial variables on expected lines have been found for banking in India. Strong impact of governance has also been observed for all the variables in public sector banks and in all scheduled commercial banks. A greater degree of disintermediation in the financial sector has put pressure on the bank deposit mobilization and on the other side the opening of economy has brought more global integration with an adverse impact on loan disbursement. The growth of other channels of savings, growth of capital market and the possibility of full capital account convertibility in future will put bank governance for a litmus test. More dispersed ownership, withdrawal of safety nets, reduction of pre-emptive norms, more exposure to market discipline and spirited implementation of various measures are required for ensuring better governance in Indian banking.

Hamid Mehran Lindsay Mollineaux 2012: "We identify the tension created by the dual demands of financial institutions to be value maximizing entities that also serve the public interest. We highlight the importance of information in addressing the public's desire for banks to be safe yet innovative. Regulators can choose several approaches to increase market discipline and information production". First, they can mandate information production outside of markets through increased regulatory disclosure. Second, they can directly motivate potential producers of information by changing their incentives. Traditional approaches to bank governance may interfere with the information content of prices. Thus, the lack of transparency in the banking industry may be a symptom rather than the primary cause of bad governance. We provide the examples of compensation and resolution. Reforms that promote the quality of security prices through information production can improve the governance of financial institutions. Future research is needed to examine the interactions between disclosure, information, and governance.

Dr Rana Zehra Masood 2015: The fundamental objective of Corporate Governance is to enhance the long-term shareholder value while protecting the interests of other stakeholders, Maximizing long-term shareholder value in a legal and ethical manner, Ensuring fairness, courtesy and dignity in all transactions within and outside the Bank with customers, employees, investors, partners, competitors, the government and the society, Open transparent, responsible and merit-based management.

Rajat Deb 2013 Corporate Governance has fast emerged as a benchmark for judging corporate excellence in the context of national and international business practices. From guidelines and desirable code of conduct some decade ago, corporate governance is now recognized as a paradigm for improving competitiveness and enhancing efficiency and thus improving investors' confidence and accessing capital, both domestic as well as foreign. What is important is that corporate governance has become a dynamic concept and not static one.

Objectives of the Study:

1. To analyse the scope of Corporate Governance in Indian Banks.
2. To analyse the relevant Parameters of Corporate Governance and its Effectiveness
3. To study which Parameters have received major importance?

Research Question: To identify which criteria's Parameter have been considered important by the respondents?

Research Methodology: The Research was based on a Primary Survey conducted on the Respondents by administering a set of questionnaires prepared on the basis of Likert's 5 point scale and Nominal Scale.

Respondents Category

Serial No.	Respondents Category	Number of Respondents
1	Lecturers	22
2	Chartered Accountants/ Practicing Company Secretary	06
3	Employees working in banks	05
4	Employees working in IT Sector	04
5	Principals of Colleges	01
6	Students who are pursuing MBA/ MCOM	25
Total		63

Data Analysis: Respondents were administered Likert's 5 point Scale focussed on the following: Attributes of Good Corporate Governance in Indian Banks for Investment Criteria; Attributes of Good Corporate Governance in Indian Banking Sector should Corporate Governance Standards be enforced through Regulations or should they be Principle based and rate of importance of the factors in improving Corporate Governance Standards.

Respondents were administered Nominal scale classified into Very Important, Moderate important and Not Important and focussed on the following: Effectiveness of Audit Committee in Preventing Fraud, Achieving the Maximum Effectiveness in terms of Good Corporate Governance and Biggest Risk to Corporate Governance in India.

Limitations of Research:

1. The Research done based on survey method is just an understanding on various categories of very important, Moderate Important and Not Important Parameters of Corporate Governance.
2. The number of respondents for the survey is very less.
3. Generalization of the findings cannot be done; since it is based on limited respondents.

Analysis and Findings:

Part-A:

Attributes of Good Corporate Governance in Indian Banking Sector for Investment Criteria

						Total		
Parameters	1.00	2.00	3.00	4.00	5.00	15.00	Weighted Average means	Ranks
1. Ensuring Ethical Practices	3.00	5.00	16.00	24.00	15.00	63.00		
Weighted score	3.00	10.00	48.00	96.00	75.00	232.00	15.46	5
2. Protecting Minority Shareholding Interest	1.00	11.00	20.00	21.00	10.00	63.00		
Weighted score	1.00	22.00	60.00	84.00	50.00	217.00	14.46	6
3. Adhering to all Legal Compliance of Governance	2.00	5.00	18.00	13.00	25.00	63.00		
Weighted score	2.00	10.00	54.00	52.00	125.00	243.00	16.2	1
4. Ensuring Shareholders Value	0	4.00	22.00	22.00	15.00	63.00		
Weighted score	0.00	8.00	66.00	88.00	75.00	237.00	15.8	2
5. Sound Risk Management Principles	0	7.00	14.00	30.00	12.00	63.00		
Weighted score	0.00	14.00	42.00	120.00	60.00	236.00	15.7	4
6. Transparency of Financial statements	1	9.00	13.00	21.00	19.00	63.00		

Weighted score	1.00	18.00	39.00	84.00	95.00	237.00	15.8	2

The analysis on the Parameters focussed on Good Corporate Governance for Investment Criteria (taken on Likert's 5 point scale.) shows the following:

1. Adhering to all Legal Compliance Ranks 1st.
2. Ensuring Share Holders Value and Transparency of Financial Statements Ranks 2nd.
3. Sound Risk Management Principles Ranks 4th.
4. Ensuring Ethical Practices Ranks 5thand
5. Protecting Minority Shareholding Interest Ranks

B. How much score do you give to attributes of Good Corporate Governance? Please, rate your answer on 5 point Likert Scales, where 1 is least important and 5 is most important

						Total		
Parameters (Weights)	1.00	2.00	3.00	4.00	5.00	15.00	Weighted Average means	Ranks
1. Shareholding Patterns	0.00	4.00	34.00	20.00	5.00	63.00		
Weighted score	0.00	8.00	102.00	80.00	25.00	215.00	14.33	6
2. Appropriate Governance structure	0.00	7.00	12.00	28.00	16.00	63.00		
Weighted score	0.00	14.00	36.00	112.00	80.00	242..00	16.13	3
3. Presence of a strong and Independent Board of Directors	0.00	5.00	17.00	20.00	21.00	63.00		
Weighted score	0.00	10.00	51.00	80.00	105.00	246.00	16.40	1
4. Adequate Committee structure	0.00	7.00	15.00	26.00	15.00	63.00		
Weighted score	0.00	14.00	45.00	104.00	75.00	238.00	15.86	4
5. Means of Communication	0.00	2.00	18.00	27.00	16.00	63.00		
Weighted score	0.00	4.00	54.00	108.00	80.00	246.00	16.40	1
6. High level Disclosure	2.00	3.00	18.00	27.00	13.00	63.00		

Weighted score	2.00	6.00	54.00	108.00	65.00	235.00	15.66	5

The analysis on the Parameters focussed on Attributes of Good Corporate Governance: (Taken on Likert's 5 point scale) Shows the following:

1. Presence of a Strong and Independent Board of Directors and Means of Communication Ranks 1ST
2. Appropriate Governance Structure Ranks 3rd.
3. Adequate committee Structure Ranks 4th.
4. High Level of Disclosure Ranks 5th.
5. Share Holding Pattern 6th.

C. Should Corporate Governance Standards be enforced through Regulations or should they Principle based. (Please, rate your answer on 5 point Likert Scales, where 1 is least important and 5 are most important.)

						Total		
Parameters	1	2	3	4	5	15	Weighted Average means	Ranks
1. Completely Principle Based Standards	7.00	5.00	23.00	18.00	10.00	63.00		
Weighted score	7.00	10.00	69.00	72.00	50.00	208.00	13.86	4
2. Principle Based with moderate Regulations	3.00	7.00	25.00	18.00	10.00	63.00		
Weighted score	3.00	14.00	75.00	72.00	50.00	214.00	24.26	3
3. Strong Regulatory Review Mechanism	3.00	5.00	12.00	17.00	26.00	63.00		
Weighted score	3.00	10.00	36.00	68.00	130.00	247.00	16.46	1
4. Completely Enforced through Regulations	1.00	9.00	16.00	16.00	21.00	63.00		
Weighted score	1.00	18.00	48.00	64.00	105.00	236.00	15.73	2

The analysis on the Parameters focussed on Corporate Governance enforcement through regulations or Principle Based. (Taken on Likert's 5 point scale) Shows the following:

1. Strongly Regulatory Review Mechanisms Ranks 1st.
2. Completely enforced through regulations Ranks 2nd.

3. Principle based with Moderate Regulations Ranks 3rd.
4. Completely Principle Based Standards Ranks 4th.

D. Rate the importance of the following factors in improving Corporate Governance Standards. (Please, rate your answer on 5 point Likert Scales, where 1 is least important and 5 are most important.)

						Total		
Parameters	1	2	3	4	5	15	Weighted Average means	Ranks
1. Enhancing the power of Independent Directors	3.00	6.00	33.00	16.00	5.00	63.00		
Weighted score	3.00	12.00	99.00	64.00	25.00	203.00	13.53	4
2. Considerable Enhancement in Financial Disclosure	1.00	7.00	15.00	20.00	20.00	63.00		
Weighted score	1.00	14.00	45.00	80.00	100.00	240.00	16.00	2
3. Enhancing the rights of minority Shareholders	2.00	4.00	26.00	24.00	7.00	63.00		
Weighted score	2.00	8.00	78.00	96.00	35.00	219.00	14.60	3
4. Improvement in Risk Management Processes	5.00	4.00	9.00	17.00	28.00	63.00		
Weighted score	5.00	8.00	27.00	68.00	140.00	248.00	20.66	1

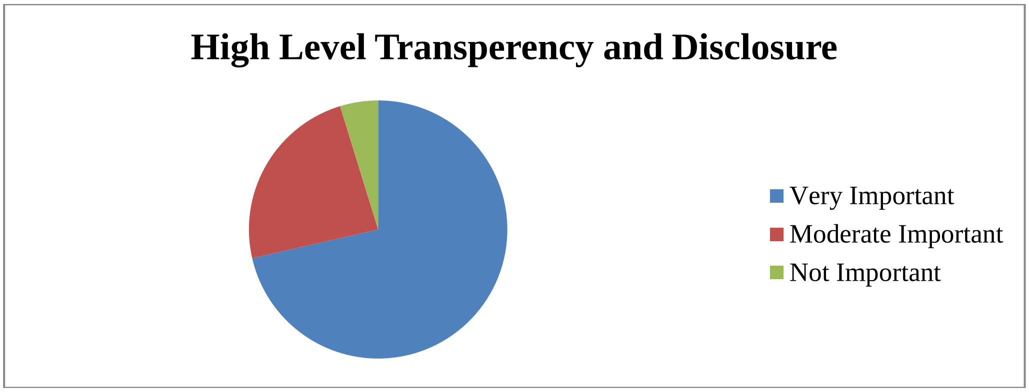
The analysis on the Factors in Improving Corporate Governance Standards (taken on Likert's 5 point scale.) shows the following:

1. Improvement in risk Management Processes Ranks 1st.
2. Considerable Enhancement in Financial Disclosure Ranks 2nd.
3. Enhancing Rights of Minority Shareholders Ranks 3rd.
4. Enhancing the Power of Independent Directors Ranks 4th.

Part-B

What is your opinion about the importance of Reporting to ensure a high level of Transparency and Disclosure? (Answer any one of the parameters)

Parameters	Respondents
Very Important	45
Moderate Important	15
Not Important	3

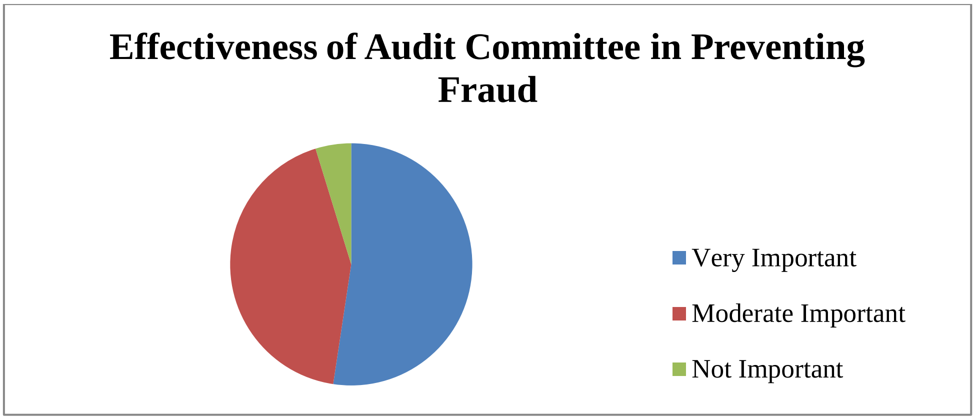


The analysis on the Parameters focussed on the Opinions about the importance of Reporting to ensure a High Level of Transparency and Disclosure. (Taken on Nominal Scale) shows the following:

1. 45 Respondents agree as Very Important.
2. 15 of them agree it is Moderate Important and
3. 3 of them agree as Not Important

What is your Opinion about the Effectiveness of Audit Committee in Preventing Fraud? (Answer any one of the parameters)

Parameters	Respondents
Very Important	33
Moderate Important	27
Not Important	3

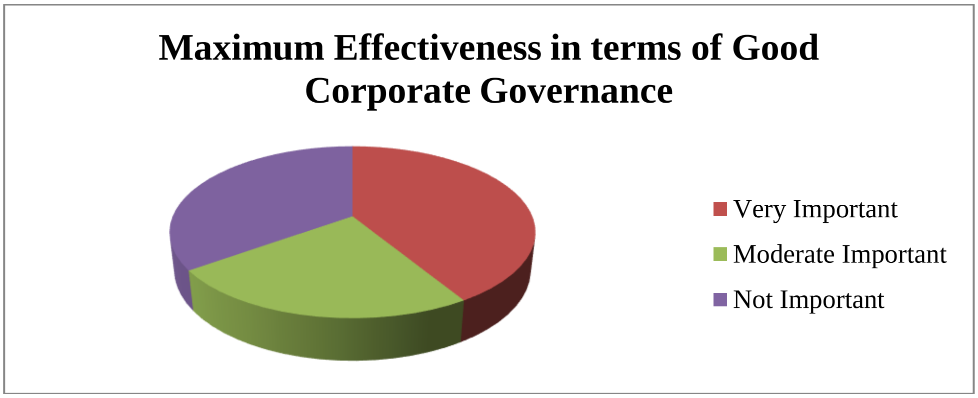


The analysis on the Parameters focussed on the Opinion about the Effectiveness of Audit Committee in Preventing Fraud? (Taken on Nominal Scale) shows the following:

1. 33 Respondents Agree as Very Important
2. 27 of them agree it is Moderate Important and
3. 3 of them agree as Not Important.

Do you think Banks achieve the Maximum Effectiveness in terms of Good Corporate Governance? (Answer any one of the parameters)

Parameters	Respondents
Very Important	**26**
Moderate Important	**15**
Not Important	**22**



Conclusion: The Survey is a mere attempt to know the opinions of Customers of various categories on the selected Parameters of Corporate Governance. This study can also be considered to know the extent of the knowledge and general expectations of customers regarding Corporate Governance practices in Indian Banks. This study establishes further scope on investigation and enhancement of Knowledge on the above topic.

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