Organizations pool capital from large investor support both in the domestic and in the international capital markets. Investment is an act of loyalty in the capacity in the Organization’s management. When an investor invests money in a firm, he expects the board and the management to act as trustees and guarantee the safety of the capital and also a rate of return that is higher than the cost of capital. In this view, investors expect management to act in their best interests at all times and adopt good Corporate Governance practices.

Corporate governance is the recognition by management of the undeniable rights of shareholders as the true owners of the corporation and of their own role as trustees on behalf of the shareholders. It is about dedication to values, about ethical business conduct and about making a distinction between personal and corporate funds in the management of a company. Corporate Governance involves the following two dimensions as responsibility of the board: Performance and Conformance.

Corporate Governance has been a topic of hot debate in developed countries like U.K. & U.S.A for the last two decades. And since liberalization, it has also been an area of concern for developing countries specifically like India. Scenario of Indian markets has changed after globalization. Now days the world market has become accessible to the Indian Corporates. Competition in the Indian markets has increased with the arrival of the multinational corporations. As per changed scenario, the concept of Corporate Governance has been an important factor not only for endurance of the corporate but also for influencing the company's ability to raise money from capital market.
During the last decade, stakeholders, regulators and market participants around the world have increasingly come to emphasize the need to develop good Corporate Governance policies and procedures. An increasing amount of empirical research shows that good Corporate Governance results to healthy competition, facilitates corporate entrance to capital markets and thus helps to develop financial markets and spur economic growth.

Today, both domestic and foreign investors emphasize on the way Corporates are operated. Investors are willing to pay premium for well-governed corporations who adhere to good board composition and structures principles, abide by information disclosure policies and financial transparency and respect shareholders rights.

Development in Corporate Governance Code can enhance decision making process within and between a company’s governing bodies and should thus enhance the efficiency of financial and business operations.

The special nature of banking institutions necessitates applicability of Corporate Governance with more effectiveness in banking sector. Banks are an essential constituent of every economy. They finance for commercial organizations, also provide varied financial services to a large segment of the population and access to payments systems. In addition, some banks are expected to make credit and liquidity available in difficult market conditions. The significance of banking institutions to the economies is highlighted by the fact that banking is a universally a regulated industry and that banks have access to government safety nets. Therefore it is of critical importance that banks have strong Corporate Governance. Improving Corporate Governance in banking institutions is
regarded to be one of the top priorities in all the countries around the world.

Therefore an exploratory study on Corporate Governance in banking sector becomes very much relevant in the current scenario.

The research study is divided in six Chapters.

Chapter first introduces all the concepts related to Corporate Governance and banking which is integral part of this research study. Second chapter gives the conceptual framework of Corporate Governance. An attempt has been made to briefly include the Historical Perspective of Corporate Governance. It provides invaluable background on Corporate Governance and lays down foundation for understanding the indispensible role that Corporate Governance is playing for smooth functioning of the institutions.

Third chapter focuses on banking industry specifically in India. It takes into account the banking industry from past to date. Further it covers detailed information about Corporate Governance in banking sector. Narrowing down the study to public and private sector banks, comparison has been made between regulation and compliance in SBI and ICICI Bank. Chapter fourth gives a description about research methodology pertaining to this research. It includes review of literature, relevance, scope and objectives of study. Specific hypotheses have been framed taking into consideration the objectives of study. Essential parameters related to Corporate Governance have also been listed. Accountability, Transparency, Disclosures, Trust are the thrust areas touched upon.

Chapter Fifth furnishes data analysis and interpretations. Questionnaires administered to stakeholders namely Managers, Employees and Customers have been analysed and interpreted. Hypotheses testing are
important part of this chapter which has been done by using tools like Scaling techniques, One-Way ANOVA, t-test, Chi-Square. Last chapter presents the detailed conclusion of the research study. It also gives major findings and recommendations to overcome the limitations of the banks in relation to Corporate Governance practices. Scope for further research has also been included in this chapter.