

PRASHANT GUPTA

Indian Institute of Technology, Delhi, India

SEEMA SHARMA

Indian Institute of Technology, Delhi, India

ASSET QUALITY AND CORPORATE GOVERNANCE: WHAT DOES AN EMERGING ECONOMY TELL US?

Abstract:

We aim to identify corporate governance factors that affect non-performing loan (NPA) levels in India. We explore the variation in the impact of these factors on government-owned and privately owned banks separately. We use system GMM to analyze data from 45 banks in India for which the data was collected from 2010 to 2019. The findings show that NPA is influenced by number of board meetings, number of meetings of the audit committee, CEO duality, and ownership concentration. We also find that proportion of female directors, number of board meetings, proportion of independent directors, and board size bring the difference in the impact of corporate governance between the two sectors of banks.

Keywords:

Asset Quality, Emerging Economy, Banks, NPA, Corporate Governance

JEL Classification: E58, G21, G34