



CORPORATE SOCIAL RESPONSIBILITY WITH SPECIAL REFERENCE TO SELECTED BANKS

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ABSTRACT

A sort of corporate self-regulation incorporated into a company model is called corporate social responsibility. A significant part of the nation's overall social development is being played by business organizations. CSR has become more significant in business, especially the banking industry. Incorporating the impact of business on society in the context of sustainable development, corporate social responsibility is quickly becoming an important aspect of business philosophy. The study's primary goal is to examine the corporate social responsibility (CSR) initiatives undertaken by Indian banks. The study's secondary data came from the banks' annual reports for the years 2018–2019 and 2019–2020. Rural branch expansion, priority sector lending, environmental protection, community welfare and women's welfare, new CSR initiative, financial literacy, education, and farmers' welfare are some of the variables included in the study.

Keywords Banking Sector, Corporate Social Responsibility, Financial Institution, Public Sector Banks,

INTRODUCTION

Corporate social responsibility, or CSR, is a type of corporate self-regulation incorporated into a company model. It is also known as corporate conscience, corporate citizenship, social performance, or sustainable responsible business/Responsible Business. A firm monitor and guarantees that it is acting in accordance with the letter and spirit of the law, ethical standards, and international norms through the use of a CSR policy, which serves as an integrated, self-regulating system. According to some theories, a company's CSR efforts go beyond legal requirements and involve "activities that appear to serve some social good, beyond the interests of the organization and what is required by law." CSR is a procedure with the goal of accepting accountability for the company's deeds and encouraging a favorable impact through its activities on the environment, customers, employees, communities, stakeholders, and all other people in the public who may also be considered to be stakeholders. A significant part of the nation's overall social development is being played by business organizations. Because of the corporate policy that financial institutions have embraced, they are not an exception. Numerous Indian businesses have expanded in size and capacity while implementing cutting-edge programs and development policies in the areas of health, livelihood, education, microfinance, and income generation. As social issues are inextricably linked to the nation's rapid inclusive growth, these



programs have significantly aided efforts to eradicate a variety of social issues. According to reports, there is a chance for rapid inclusive growth with increased private sector involvement.

Recent years have seen the rise of corporate social responsibility as an important aspect of business philosophy, reflecting how company affects society in terms of sustainable development. Instead of focusing solely on maximizing profit for shareholders, the developing perspective on corporate social responsibility emphasizes duty towards all stakeholders, including creditors, suppliers, employees, government, and the community. not only refers to corporate regulatory compliance but also to the act of maximizing economic performance through voluntary, well-balanced approaches to environmental and social challenges. The modern Indian economy depends heavily on a cohesive financial system made up of a number of subsystems of financial institutions, financial markets, and financial products. CSR has become more significant in business, especially the banking industry. The RBI distributed a notification titled "Corporate Social Responsibility, Sustainable Development, and Non-Financial Reporting-Importance of Banks" to all scheduled commercial banks on December 20, 2007 to highlight the role of banks in CSR. Banks do not operate in a vacuum, according to Bhatt (2008), who was speaking about the banking industry. The RBI also emphasized the need for banks to begin non-financial reporting (NFR), which will detail the work done by banks to improve society's social, economic, and environmental conditions.

Business social responsibility is when an organization goes above and beyond what is required by law to assist society. The use of the phrase "responsibility" highlights the fact that the company has moral duties to the community. Corporate Social Performance (CSP), often referred to as Sustainable Responsible Business (SRB), or CSR, is a type of corporate self-regulation incorporated into a business strategy. However, on the flip side, industrialization and commercialization of the service sector have increased the use of non-renewable energy sources, global warming, greenhouse gas emissions, and rising levels of waste that have detrimental repercussions on the next generation. The concept of corporate social responsibility is now widely accepted due to the rising concerns for sustainable development, environmental performance, including pollution control, and management of natural resources (CSR).

REVIEW OF LITRATURE

Krishna Kant Varma (2017) This study's goal is to investigate the many definitions and descriptions of corporate social responsibility (CSR) and to go into more detail on how CSR has evolved in India. Environment protection, community welfare, women's welfare, and new CSR initiatives are among the variables used in the study. Financial literacy analysis demonstrates that while Indian banks are making efforts in CSR, greater emphasis on CSR is still needed. Some banks aren't even complying with the legal standards. The public sector banks have made the largest overall contribution to CSR efforts. Foreign and private sector banks continue to lag behind in this area. The study leaves open the possibility of further investigation into the relationship between bank financial performance and CSR performance.



P. S. Aithal (2021) By mobilizing deposits and extending credit to other companies, industrial sectors, and people, the banking sector in India's service industry sector supports the national economy. According to a recent government legislation, both public and private banks must voluntarily give 2% of their profits to corporate social responsibility programs that address a range of community issues. It is intriguing to learn how Indian banks have used CSR cash by making wise choices. Comparing the CSR initiatives of a few public and private banks in India is intriguing in order to learn about their clever approaches to enhancing organizational business benefits. Design/Methodology: In this study, numerous social responsibility initiatives run by Indian financial institutions are identified and analyzed. The data and information used were found on the websites of the chosen banks, in bank literature from various websites, in bank statements, and in relation to the government's declaration that businesses making 500 crores or more in profit should set up a CSR team, which should include three or more executives and one independent administrator to create CSR guidelines and manage CSR activities. Based on the comparison of CSR activities between private and public sector banks, it was discovered that private sector banks concentrated on providing direct support for their customer services, while public banks provided indirect support for their brand-building initiatives. As a result, both types of banks were able to benefit from increased customer satisfaction and the promotion of their services to underprivileged groups of the population, respectively.

Ms. Himandri Kewlani et.al (2019) As a result of the 2013 Companies Act, India has adopted corporate social responsibility. CSR is important for a developing nation like India. Organizations' CSR initiatives have a wider impact on the society in which they operate. CSR benefits a company's reputation and brand recognition. The banking industry in India is regarded as an economic indicator. The banking industry's policies and practices have an impact on society as a whole. As CSR is required by law, banks, the government, policymakers, researchers, and the general public can all profit from this study. The study's goal is to examine CSR activities and make internal comparisons between Indian banks. The study primarily focuses on topics like CSR initiatives, CSR spending, and the effect of CSR on Indian bank share prices. State Bank of India, Canara Bank, Yes Bank, and IndusInd Bank, or two public and two private sector banks, are chosen from the top 100 CSR-contributing futures cape businesses in this study paper. The secondary data is gathered from bank websites and annual reports between the years 2014–15 and 2017–18. The results show that public sector banks have a dynamic trend for change in CSR expenditure, whereas private sector banks have a much more static rising trend. Additionally, CSR has a favorable impact on the share price of private sector banks while negatively affecting the share price of public sector banks. Public and private sector banks both engage in a variety of CSR initiatives in the common areas of education, health, and the environment for the chosen years.

Swapnil Patel et.al (2020) Corporate enterprises can put their philanthropic vision for social welfare into action through corporate social responsibility. It is a potent method for achieving competitive, long-term profits that benefit both the shareholder and the company. This study's primary focus is on the CSR practices of a few selected public and private Indian banks. The study's major goal is to learn more about CSR practice areas and the amount that particular banks spend on CRS. Take 5 public banks and 5 private banks for the sample study. It aims to assess



how well some banks have performed after 2013 under the new standards. To achieve the study's goal, data were gathered from the annual reports of a few chosen banks and analyzed in Excel using Mean, SD, CV, and Two-way ANOVA. According to the data analysis, the majority of the CSR initiatives of the chosen banks are centered on healthcare, the environment, and education. This study comes to the conclusion that although The Companies Act of 2013 made it possible for firms to support CSR, the outcomes were not adequate. However, the study does suggest that there is room for improvement, particularly for public banks.

MATHODOLOGY

The blueprint for the research that will be done is the research technique. This study uses a descriptive research design. The five banks included in the current study are SBI, Canara Bank, HDFC, PNB and ICICI. A random selection technique was employed to choose the banks for this study, with the two largest players coming from the public sector, i.e. Two from the private sector, HDFC and ICICI, as well as SBI and Canara banks, have been chosen for the study. The secondary data was gathered from a variety of sources, including academic papers, annual reports of the chosen banks, newsletters, and numerous websites.

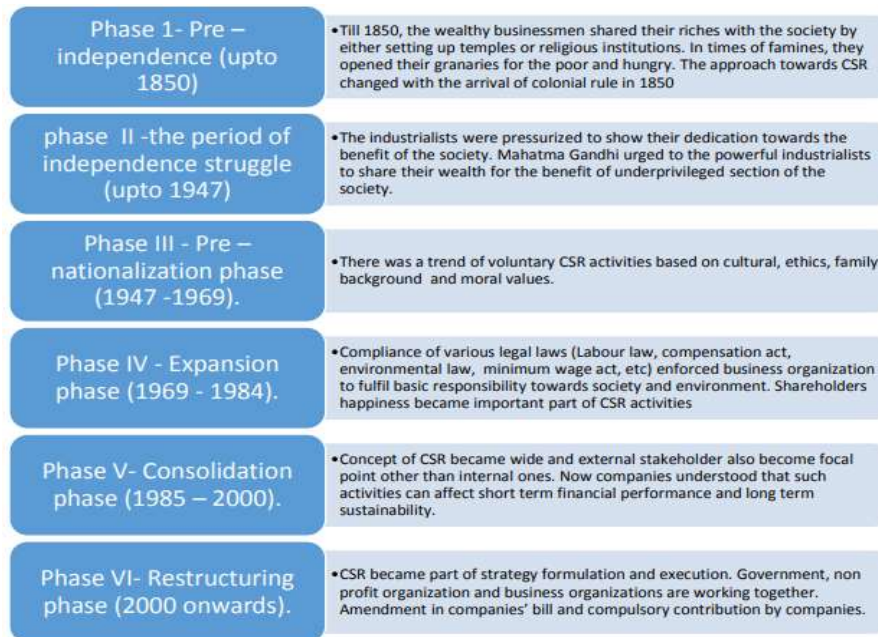
DATA ANALYSIS

PHASES OF CORPORATE SOCIAL RESPONSIBILITY (CSR) IN INDIA

The most extensive tradition of corporate social responsibility is found in India. The concept of corporate social responsibility (CSR) may be relatively new to India, but it has roots in Mauryan history, when thinkers like Kautilya emphasized the importance of moral practices and ideals in business. CSR has historically taken the form of charitable giving to the underprivileged and destitute. Our culture of generosity and compassion is deeply ingrained. Currently, the New Companies Act, as revised in December 2012, requires corporations to contribute 2% of their average net income over the previous three fiscal years to CSR. This applies to businesses with a \$1 billion in sales or a \$500 billion net value. The new bill, which updates the Companies Act of 1956, lays a strong emphasis on advancing the CSR agenda. Thus, the nation is about to start and encourage stakeholder relationships through CSR initiatives, which will result in a comprehensive and reasonable expansion and help the poor and the impoverished throughout the nation.



Figure:1 Phases of CSR in India



Source: Based on Survey of Literature on CSR and Sundar (2000)

CSR PRACTICES IN INDIAN BANKING SECTOR:

In the past, banks' primary goal was to maximize profits, but this is no longer the case. The focus shifted from profit maximization to increasing CSR initiatives. The National Bank Financial Group is very committed to generating as much value as it can for its clients, staff, and the communities in which it operates in addition to its investors. CSR is an essential virtue in this view. We strive to integrate the social, ethical, and environmental concerns with economic ones in each of our business sectors so that we can continue to be a potent force for both social and economic progress. The idea of CSR has evolved over the past few years. Giving as a duty or act of charity has apparently given way to giving as a tactic or responsibility. Nationalized banks are not focused on making a profit, like private banks are. Instead of emphasizing profit, they placed greater emphasis on CSR.

In today's business environment, which includes banks and financial institutions, CSR has grown in prominence. Banks and other financial organizations start promoting lending and investment strategies that are environmentally and socially conscious. In addition, the RBI (2007) ordered Indian banks to launch CSR programs for sustainable development and to start non-financial reporting on their participation in the era of environmental, social, and economic accounting. However, the RBI advised banks to become familiar with the topic of corporate social responsibility in its circular on the subject. Corporate social responsibility is a concept whereby businesses voluntarily integrate social and environmental concerns in their business operations and in their interactions with their stakeholders. With the permission of their Boards, they must



also implement a viable and adequate plan of action to advance the cause of sustainable development. The principal focus areas of CSR in the banks chosen for the study include things like children's welfare, community welfare, education, the environment, healthcare, eradicating poverty in rural regions, vocational training, women's empowerment, protecting girls' rights, and employment.

Figure: 2Key Areas of CSR



Source: Websites of the Banks

State Bank of India's CSR Initiatives in the Banking Sector the Bank strives to fully accomplish its corporate social responsibility goals, which are set at 1% of its net profit.

FIGURE :3

CSR Initatives	csr spend (Rs in crores)
<ul style="list-style-type: none"> • 1. Supporting education. • 2. Supporting healthcare. • 3. Assistance to poor & underprivileged. • 4. Environment protection. • 5. Entrepreneur development programme. • 6. Assistance during natural calamities like floods/droughts etc. 	<ul style="list-style-type: none"> • 148.93 • Current CSR budget :1% of its previous year net profit .

Source: SBI Audit Report



As part of its CSR initiatives, State Bank of India has made great strides in the area of socially relevant programs, which included providing schools with access to safe and clean drinking water by installing 30,00 water purifiers and 14,000 fans in 2013–14. Additionally, this bank spent Rs. 18.38 crores on 210 medical vans and ambulances during the year. 90 centers have received medical equipment totaling Rs. 8.87 billion. The Bank has contributed Rs. 6.00 crores to the Chief Minister's Relief Fund of three states during the current fiscal year. Additionally, the banks donated Rs.1.03 crores to the R&D Fund. 12 initiatives from the Children's Welfare Fund received support totaling Rs. 34.70 lakhs during the FY 2013–14.

CANARA BANK

The Bank's CSR projects are diverse and include things like training rural young who are out of work, giving access to primary healthcare, drinking water, community development, empowering women, and other social initiatives.

FIGURE: 4

CSR Initiatives	CSR SPEND
<ul style="list-style-type: none">•1. child education programme•2. protecting the environment.•3.skill development/capacity building programme .•4. Career counseling.•5. Rural and Entrepreneurship developmen etc.	<ul style="list-style-type: none">•Not disclosed.

Source: Canara bank Audit Report

The Canara Bank engages in a variety of CSR activities. Through its Canara Bank Centenary Rural Development Trust (CBCRDT), the Bank encouraged rural youngsters to engage in self-employment activities throughout the 2013–2014 fiscal year. The Bank operates a commendable Rural Clinic Services Program in outlying communities without access to basic healthcare. A high-tech, specially made, solar-powered "Retail Mobile Marketing Van" has been supplied by the Bank to help women business owners, SHGs, and craftsmen advertise their goods. Providing De-fluoridation - RO plants for pure drinking water facilities in 217 communities is a large-scale project that the Bank has engaged on. The Bank has funded a CSR initiative to build restrooms for girls in five schools in each Lead District. A program called the Canara Vidya Jyothi Scheme, which provides financial aid to SC/ST female students from rural areas, was introduced as a CSR



initiative. Six female students from their command area must get financial aid from each rural branch of the bank. The Bank has selected 65 villages and 3 slums for their integrated development under the CanaraGramodaya Scheme, taking into account the sizeable rural and semi-urban client base. Endosulfan, an organic insecticide that is persistent and has been sprayed on cashew orchards, has been released into the villages of Kerala's Kasargod district.

HDFC BANK

The HDFC Bank is committed to a number of CSR activities in the area of financial inclusion by bringing banking to underserved regions of the nation and offering unique goods and services. Additionally, by giving local populations options for employment, the bank engages them as well. The 2013 banks Blood Donation Drive, which coordinated the largest blood donation, established a Guinness World Record.

FIGURE: 5



Source: HDFC Bank Website

The HDFC Bank has concentrated on certain, specified causes and areas of intervention, such as boosting education, livelihood enhancement projects, rural development, and environment sustainability, in order to provide a targeted and systematic approach to CSR in the 2013–14 year. They aim to mainstream marginalized groups and include them in the circle of empowerment, progress, and development. They hope to reach their goal of bringing 10 million unbanked families (50 million people) into the banking system through SLI. Crop cultivation, animal husbandry, handicraft, handloom, microenterprise, and tailoring are a few of the income-generating industries they support. Along with financial services, SHG and JLG members receive training in livelihood development for upgrading or developing current or new livelihood activities in both farm and non-farm-based sectors. The goal of HDFC Bank is to improve farmers' quality of life by expanding access to agricultural financing. The Kisan Gold Card was



created to assist farmers in handling finance for a variety of needs, such as the purchase of farm equipment, bullocks and carts, land development and repair costs, without experiencing cash flow issues. Milk to Money, Medical Equipment Funding, Easy Access to Information through Mobile Apps, and Organic Farming are some of the bank's additional cutting-edge offerings.

ICICI BANK

At ICICI Bank, corporate social responsibility (CSR) has been a long-standing commitment and an essential component of all of its operations. The Bank's goal is to actively assist significant socioeconomic development in India and make it possible for a greater population to take part in and profit from that country's economic growth.

FIGURE: 6



The Bank spent Rs. 1.56 billion, or roughly 1.8% of its average net profits over the last three fiscal years ending March 31, 2012, March 31, 2013, and March 31, 2014, on CSR efforts, according to the business responsibility report.

PNB BANK

"CSR is the ongoing commitment of company to act morally and promote economic growth while enhancing the standard of living for the workforce, their families, the local community, and society as a whole."

National Bank of Punjab Views Corporate social responsibility (CSR) refers to an organization's commitment to conduct business in a way that is economically, socially, and environmentally sustainable, while taking into account the interests of all of its stakeholders, including customers,



employees, business partners, local communities, the environment, and society at large, and making a positive contribution to the standard of living in society. Our Bank's continuous commitment to creating thriving communities throughout all of our worldwide footprints is at the core of our approach. This commitment is realized through our investments in programs and institutions that sustainably support and promote community development. The following are some ways the bank makes use of its key competencies:

CONCLUSION

Financial institutions are not an exception due to the policy adopted by themselves in the companies, as CSR is a process with the aim to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders, and all other members of the public who may also be considered as stakeholders. The modern Indian economy depends heavily on a cohesive financial system made up of a number of subsystems of financial institutions, financial markets, and financial products. The RBI also emphasized the need for banks to begin non-financial reporting (NFR), which will detail the work done by banks to improve society's social, economic, and environmental conditions. The concept of corporate social responsibility is now widely accepted due to the rising concerns for sustainable development, environmental performance, including pollution control, and management of natural resources (CSR). The data demonstrates that even though Indian banks are making efforts in CSR-related sectors, more attention on CSR is still necessary. Some banks are even falling short of the legal requirements for expanding their rural branch network and lending to high-priority sectors. The banks have not made any significant progress in this direction even after the RBI issued its guidelines for financial literacy initiatives. There should be a system of regular monitoring and reporting to the Board of Directors in order to have an impact on the spending and use of the budget allocated to CSR. In general, most banks are either unfamiliar with or do not monitor their CSR, despite the fact that most banks utilize CSR as a marketing technique to spread the word about their business.

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