



Corporate Social Responsibility (CSR) Practices in Indian Banks – A Study

Shaik Azeez¹, Shanigaram Gangadhar²

¹Research Scholar, Dept- Business Management, Satavahana University, Karimnagar.

²Faculty of Commerce, R.K Degree & PG College, Kamareddy. Sirigangadhar11@gmail.com

ABSTRACT:

Across all industries in India, the idea of corporate social responsibility (CSR) is gaining ground quickly. CSR is all about sustaining moral principles while having a beneficial social impact. In developing countries like India, the banking industry is essential for modernising the economy of the country through the implementation of a new practise known as corporate social responsibility, in addition to lending money or increasing the country's financial flexibility. Corporate social responsibility (CSR) is the phrase used to describe the social advantages that banks today offer in addition to the standard banking services. Through CSR programmes, commercial banks provide a variety of chances for the advancement of the impoverished. The purpose of the study is to evaluate various CSR initiatives and compare internal practises among Indian banks. Five banks from the public and five from the private sectors were selected for this study and their CSR contributions. The study seeks to explore the CSR initiatives and spending patterns of various public and private sector banks in India and suggests additional prospective areas in which the banks could create value by ramping up their CSR efforts. It is only based on secondary data.

Keywords: CSR Initiatives, Corporate Social Responsibility, Emerging Trends

1. INTRODUCTION

A self-policing corporate strategy called corporate social responsibility (CSR) enables an organisation to be open and accountable to the general public. By investing in CSR, also known as corporate citizenship, businesses can become aware of the type of impact they are having on all elements of society, including economic, social, and environmental challenges. When a company engages in CSR, it accepts responsibility for its actions and tries to benefit the local community, the environment, and society at large. Through CSR activities, which incorporate social ideals into operational and economic strategy, many businesses want to have a greater influence. CSR expanded over time to include both social and business issues.

The description of the state's goal found in ancient Indian literature can be used to trace the origins of CSR. Charity was greatly encouraged by religion. Hindu scriptures emphasised the idea of using riches for charitable giving, making sacrifices, and paying off debts. Wealth was provided by businesspeople for humanitarian causes including building schools, hospitals, gardens, charity homes, orphanages, etc. They were also well known for their charitable work, which elevated them in society. Indians soon realised their potential by adopting cutting-edge technology and lucrative commercial prospects.

Business ethics values included in CSR outline an organization's moral principles. Although this code of ethics has been around for a while, Howard Brown's book *Social Responsibility of Business* published in 1953 was the first to formally establish CSR. The foundation of CSR as described by Brown refers to a company's duty to conduct business in a manner consistent with the values or objectives of the community in which it works. Brown later persuaded the business community of the necessity of a vision that transcends financial performance and the need for the corporation to exhibit the values of corporate social responsibility.

2. CSR IN BANKING SECTOR

Banks, like other large corporations, are very important to the stability of the financial system and have a significant impact on many aspects of society. There's more to financial institutions than just keeping your money safe. They put it to use by investing it in order to make money and ensuring that resources are used effectively to promote growth and prosperity. Investments and deposits in banks can have significant positive and negative effects on society. This is where corporate social responsibility comes into play in the financial system. For a long time, Indian banks have upheld good cause through awards, in-sorts help and other government assistance exercises. However, each bank's CSR Practices framework is different.

3. LITERATURE REVIEW

S.C.Bihari and S.Pradhan (2011) concluded that the capacity to extend CSR activities and achieve sustainability lies with financial institutions. Long-term gains can be obtained from internal initiatives that improve daily operations and strengthen social structures. Banks can effectively support sustainable economic financing. As a result, organisations like businesses and banks should look beyond their normal scope of operations to recognise and incorporate greater social goals.

Sarita Moharana (2013) suggested that every bank must establish a CSR policy and social spending activities must be prioritised. There should be a method of continuous monitoring and make recommendations to the Board of Directors to have an impact on how CSR spends and uses the budget that has been allotted. They advised to do three specific actions, the first step is to increase and speed up government participation in CSR activities. The second step is the growth of a large consulting industry during the CSR era. Finally, media should demonstrate greater interest and play a significant part during the CSR era.

D.Dhingra and R.Mittal (2014) examined the majority of banks employ corporate social responsibility (CSR) strategies as a marketing tactic, and many of them merely take peripheral actions to support CSR, such sponsoring events or giving to charitable trusts and NGOs. The CSR philosophies of very few institutions are well-defined. The majority of banks only sometimes integrates CSR into their operational procedures and don't disclose the amount of money they spend on CSR initiatives.

A.Sabeena and N.A.Krishnamoorthi (2016) outlined the banking industry is at the forefront of the nation's CSR efforts. Most banks, whether they belong to public or private sector, excel at implementing CSR initiatives in accordance with their priorities, but when it comes to CSR reporting, the majority of banks still do not list the amount spent on such efforts on their websites. After the engagement of the RBI, CSR became a significant component of the banking industry, but further legislation and new policies are needed to put the concept into practise in the Indian banking industry.

S. Kaur (2016) discussed banks mostly focus their CSR efforts on rural development, education, community welfare, women, and children. Better CSR initiatives from banks are required, and this is made possible by including more and more social development issues linked to the corporate sector. They analyzed that the public sector banks have contributed the most to CSR initiatives overall. Foreign banks and private sector banks are still falling behind in this regard.

Shafat Maqbool (2017) observed that there is a correlation between corporate social responsibility and financial performance. They suggested that businesses should express a greater desire to enhance their brand and profitability by enhancing their CSR practices. Socially conscious customers and shareholders can be drawn in by effective CSR efforts, increasing their propensity to buy and invest.

R.dutta and H.Grewal (2018) analyzed that skill development and the construction of livelihoods are the primary areas of SBI's CSR investment. In addition, SBI is doing a tremendous job of helping the weaker members of society by funding initiatives in sports, healthcare, and sanitation, education, and other productive endeavours. They believed SBI's CSR committee should direct its attention to the socially significant areas of the community by being familiar with its demands in this area.

H.Kewlani and K.Bhatt (2019) showed that private sector banks have a far more stable upward tendency than public sector banks, which have a fluctuating pattern in CSR spending and net profit. While CSR has a negative influence on the share price of public sector banks, it has a favourable impact on private sector banks. Banks from the public and private sectors participate in variety of programmes related to education, health and the environment.

J.F. Mary (2020) suggested that Indian banks are working to improve their CSR procedures. The top 10 lists on CSR Portal include HDFC Bank and ICICI Bank. Both banks made significant contributions to rural development. Additionally, HDFC Bank made contributions to health care, vocational training, and education. Banks assisted society during a time of disaster. Therefore, they demonstrated that the banking industry's CSR efforts are appropriately responding to social efforts to uplift the underprivileged.

A.raj and A.agnihotri (2022) demonstrated how the banks are making an effort to carry out CSR initiatives, although they are rather constrained because they mostly focus on education, women's empowerment and health. The additional potential areas where the bank can provide value by expanding its CSR initiatives to other socioeconomic and development fields across various industries and population densities are suggested in this article. Additionally, it has been noted that public sector banks are heavily invested in CSR initiatives. The majority of banks in the private sector engage in CSR activities as a marketing strategy.

E.sharma and M.Sathish (2022) discussed, to determine the practical and concrete effects of the CSR operations carried out by the banks, a comprehensive ideology is required. The banks must establish a proper and innovative strategy to keep all of their operations "SMART," or sincere, moral, accountable, responsible, and transparent, and to focus on the practical and niche areas that will have long-lasting, beneficial effects for the expansion of the economy.

4. OBJECTIVES

The study's overall objective is to investigate Indian banks' CSR policies and internal evaluations. Additionally, the following suggestions ought to be examined:

1. To ascertain the CSR practices and policies of Indian banks.
2. To compare and analyze CSR spending as well as the spending pattern of Indian public and private banks.
3. To determine which key areas banks are failing in and which major areas they are spending money on as CSR.

5. RESEARCH METHODOLOGY

Secondary data serve as the basis for the research. Secondary data came from websites, online sources, and bank financial statements, among other places. The study will focus on the top five banks in the public and private sectors that make the most contribution to CSR. The CSR practices of public and private banks are the focus of this study. The following are the selected banks:

1. Public Sector Banks:

1. Bank of Baroda
2. Canara Bank
3. Indian Bank
4. Punjab National Bank
5. State Bank of India

2. Private Sector Banks:

1. Axis Bank
2. HDFC Bank
3. ICICI Bank
4. IndusInd Bank
5. RBL Bank

6. FINDINGS

The following information pertains to CSR initiatives and activities of respective banks

1. **Axis Bank:** In all of the years, bank is engaged in various CSR activities like Sustainable Livelihood, Education & Skill Development Program, Environmental Sustainability, Financial Literacy & Inclusion, Disaster Management and Health & Sanitation. Apart from that other initiatives are Mission2Million, Abhisaran, Axis Bank Scholarship, Axis Dilse and Axis Sahyog etc.
2. **Bank of Baroda:** In all of the years, bank has conducted various activities under Education & Skill Development, Healthcare and Socio-Economic Development.
3. **Canara Bank:** The bank has multiple CSR activities under Education, Health, Poverty & Nutrition, Skill Development, Swachh Bharat, Rural Development, Women Empowerment, Financial Literacy and Sports etc. from FY2017-18 to FY2021-22.
4. **HDFC Bank:** The CSR program of the bank known as Parivartan has 5 main pillars which focus on Rural Development, Promotion of Education, Skill Development and Livelihood Enhancement, Healthcare & Hygiene, and Financial Literacy & Inclusion.
5. **ICICI Bank:** The bank has supported various CSR initiatives like Skill Development, Rural Livelihood, Social & Environmental Projects, Water Conservation, Promoting Education & Healthcare as well as Hygiene & Waste Management, Providing Financial Literacy and Counselling.
6. **Indian Bank:** The Bank has indulged in several CSR programs such as Inclusive Growth, Financial Literacy & Enhancing Vocational Skills, Green Initiatives and Environmental Sustainability, Gender Equality and Women Empowerment, Clean India Movement and Health and Wellness, Specific needs of the senior citizens etc. in these years.
7. **IndusInd Bank:** The bank has initiated various CSR activities such as Livelihood Enhancement, Promoting Education, Ensuring Environmental Sustainability, Preventive Healthcare, and Training to promote Rural Sports, Enhancing Vocational Skills, and Disaster Management & Relief over these years.
8. **Punjab National Bank:** The bank has involved throughout many CSR activities in these years under Sustainability, Health, Green Initiatives, Self-help groups and Promotion of Sports. In addition to these, the other initiatives are building Farmers Training Centre, PNB Hockey Academy, Rural Self Employment Training Institute and supporting Rural Girl Education named Ladli.
9. **RBL Bank:** The bank is engaged in numerous CSR activities over these years under Preventive Healthcare, Education, Skill Development, Sustainable Livelihood etc. The other initiatives are Empowering person with disability, women & children, Gender Equality and Rural Development.
10. **State Bank of India:** The bank has invested in diverse CSR programs in all these years under Healthcare and Sanitation, Education, Empowerment of Women and Senior citizens, Protection of Natural Heritage, Environment, War Veterans, Promotion of Sports and Rural & Slum Area Development. The other flagship programs are SBI Youth for India Fellowship, SBI Gram Seva Program, and Centre of Excellence for Persons with Disabilities, Healthcare Flagship Program.

7.CONCLUSION

According to the aforementioned analysis, Public Sector Banks exhibit a consistent trend, whereas Private Sector Banks exhibit a much more fluctuating trend in the rise and fall of CSR expenditure and PAT. Only HDFC Bank out of all the banks shows a positive change in both PAT and CSR spending. While the CSR initiatives taken by Indian banks are limited to a few areas and completely ignored in others, both the public sector and private sector banks have participated in numerous CSR activities. Canara Bank, a public sector bank, and Axis and ICICI Bank, private sector banks, have performed admirably in a variety of CSR areas. Education, environmental sustainability, financial literacy and inclusion, healthcare, rural development, and skill development are the most important areas in which banks carry out CSR activities. Gender Equality, Sustainable Livelihood, Poverty and Nutrition, Sports, Vocational Skills, Women Empowerment, and the Water Crisis are among the neglected areas. We can conclude from the preceding analysis that these banks' CSR efforts are restricted to a limited number of initiatives. All areas of growth must make use of these methods. The banks must implement CSR initiatives where they are required.

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