

Corporate Social Responsibility Practices in Indian Banking Sector - A Study on CSR Activities of Select Companies

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Abstract -Corporate Social Responsibility is not a new concept but now a days it spreading very promptly in India in all the sectors. CSR is to give back to society, or we can say to contribute towards the society while working with in ethics. Banking sector of every country helps in its socio economic development by accumulating the idle savings of people and make them available as finance or raising the liquidity in the country. This sector has translated hopes and aspirations of millions of people into reality. Our banking sector can assuredly compete with modern banks of world.

In our country CSR has been practised in most of the organisations. The Companies Act 1956 not containing any mandatory provision for CSR, but there is legal provision to perform CSR activities in The Companies Act 2013. Section 135 schedule VII of Companies Act 2013 provides for companies having net worth of Rs 500 crore or more or turnover of Rs 1000 crore or more or net profit of Rs 5crore of more in a financial year to spend at least 2% of the average net profits of last three years for the company's CSR policy.

In this study the theoretical framework of CSR activities happening within the choose companies is targeted. This would also put together the research base for future research to review the wealth maximization of companies through their CSR activities. The study conjointly works on understanding whether or not restructuring of company ways happen as per the CSR efforts place up and therefore the impact of CSR efforts and its connection with competitive advantage of the organizations towards property.

Key Words - Corporate Social Responsibility, Indian Banking Sector, Social and Environmental Concerns.

I. INTRODUCTION

The word 'responsibility' indicates that the business has some moral obligation towards the community. In the 21st century larger organizations face large number of changes and challenges including the CSR. The thought of Corporate Social Responsibility (CSR) is as old as the business organizations. CSR is a source of realizing the organizations about their obligations and their duties for the society where they conducting their business activities. These social expenses not only improve organization's profitability but also very helpful in improving their goodwill and social value. The growing concerns for sustainable development, management of natural resources, encompassing pollution

control and environmental performance has given mass recognition to the approach of Corporate Social Responsibility.

Corporate Social Responsibility –CSR simply and broadly outlined because of the ethical role of the corporation in society. It can be explained as embracing responsibility and promising positive impact through the company's activities related to the employees, communities, environment, consumers, and other stakeholders. The aim of CSR is to extend long-term profits and stockholder trust through beneficial public relations and high ethical standards to decrease standards to reduce the letter of law in their business operations.

CSR and Indian Banking sector- The banking sector plays a very important role in upgrading the economy of the country. It is key to a nation's economy as it provides to required credit for every section of the community. Indian banking sector growing larger and powerful than before, and supporting in the development of the important sectors of the economy. In this sector CSR is aimed against presenting the financial inclusion, providing monetary services to unbanked or untapped areas of country, the social and economic development of country by targeting the activities like environment sustainability and protection, promotion of education, rural development, poverty eradication, financial literacy training, self-employment training, health and medical care, promoting clean India, poverty eradication etc. Reserve Bank of India additionally insisted upon taking measures for growth of Indian economy by understanding the dire requirement of CSR.

II. OBJECTIVES OF THE STUDY

This paper is purposely produced to fulfil the following objectives:

1. To examine the position of Indian banking sector regarding CSR.
2. To categorise the CSR activities carried out by the selected companies.
3. To check that CSR activities followed as per legal requirements of schedule VII of Companies Act 2013.

III. CARROLL'S PYRAMID OF CSR

According to Carroll (1983), "Corporate Social responsibility involves the conduct of a business so that it is economically profitable, law abiding, ethical and socially supportive. To be socially responsible then means that profitability and obedience to the law foremost conditions when discussing the firm's ethics and the extent to which it supports the society in which it exists with contribution of money time and talent."

In 1991, Carroll (1991) first presented his CSR model as a pyramid, as shown in Figure1: The four responsibility of business. The different layers in the pyramid help managers see the different types of obligations that society expects of businesses. The four responsibilities displayed on the pyramid are:

Legal Responsibilities refer to the businesses that should not only operate for profit motive but they are also expected to abide by the laws and regulations promulgated by state, local and federal governments.

Ethical responsibilities refer to the legal part and Law does not impose ethical responsibilities, but the government and the society expect them. Ethical responsibilities encompass those norms, standards and expectation that employees, consumers, shareholders and the community regard as fair.

Philanthropic responsibilities focus on improving the quality of life of employees, communities and society. It is fulfilling the charitable expectation of the society, while **Economic responsibilities** concerns the responsibility of business of produce goods and services needed by society, and selling them to make acceptable profit

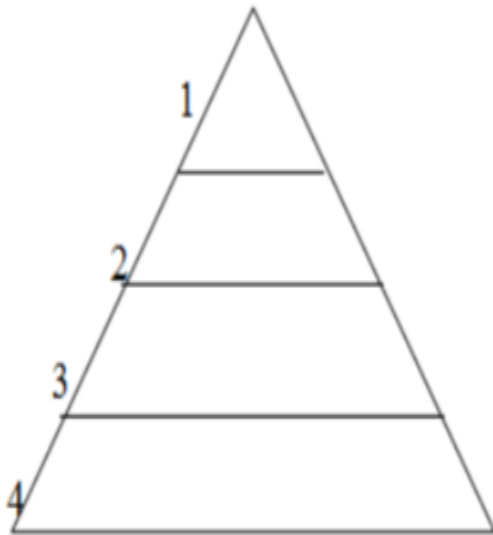


Fig.1 Carroll's pyramid of CSR

1. Legal responsibilities
2. Ethical responsibilities
3. Philanthropic responsibilities
4. Economic responsibilities

IV. MAJOR CSR ACTIVITIES IN INDIA

Organizations are performing so many CSR activities. Companies Act 2013 clause VII defines activities that will include in CSR activities. According to Carroll's pyramid, CSR activities can be classified based on their nature. Indian organizations are mainly spending their amount of CSR in the following areas:-

- (I) Education
- (II) Health
- (III) Environment
- (IV) Social Development

CSR activities of the following companies are taken for study in this paper based on type of industry shown in **Table No.1**.

Table No.1

S. No	Company Name	Industry
1	Axis Bank	Banking Industry
2	Bank of Baroda	Banking Industry
3	Canara Bank	Banking Industry
4	HDFC Bank	Banking Industry
5	ICICI Bank	Banking Industry
6	IDBI Bank	Banking Industry
7	Kotak Mahindra Bank	Banking Industry
8	Punjab National Bank	Banking Industry

Education – CSR activities help in providing quality education in the country. Many students drop out of schools for a lack of quality education facilities. Various educational CSR activities affect positively the lives of students and provide them quality education facilities. Major CSR activities performing by banking industry in education area are scholarship programs, study kits to students, providing computers and laptops, providing furniture and uniform, skill development, training, financial literacy, e-learning facility, digital library, projector for smart class, public awareness, etc. CSR activities taken into consideration in this paper under Education section are scholarship programs, Financial literacy, Vocational skills, Promotion of education and providing study kits and tools.

Table No.2 Classification of activities carried out by companies in the area of education

Company Name	Scholarship Program	Financial literacy	Vocational skills	Promotion of education	Providing study kits and tools
Axis Bank	Yes	Yes	Yes	Yes	
Bank of Baroda		Yes			
Canara Bank	Yes	Yes	Yes	Yes	Yes
HDFC Bank		Yes		Yes	
ICICI Bank		Yes	Yes	Yes	
IDBI Bank			Yes	Yes	
Kotak Mahindra Bank	Yes		Yes	Yes	Yes
PNB		Yes			Yes
Total	3	6	5	6	3

Source - computed from secondary data.

Financial literacy and promotion of education are the major activities that has been carried out by the majority of companies in the area of education followed by vocational skills. Canara bank carries out maximum no of activities in the field of education followed by Axis bank and Kotak Mahindra bank. ICICI bank providing financial literacy, vocational skills and promoting education.

Health - Organisations as a part of CSR activity providing so many health services in various parts of the country, especially in rural areas where medical facilities are not easily available. Major CSR activities performing by banking industry in health area are medical camps, blood banks, Donating ambulance, water purifier, generators, providing medical equipments, financial assistance to patients, distribution of artificial limbs, mobile clinics, providing hospitals, adult diapers & dresses, support to physically challenged, support to various health projects etc. CSR activities taken into consideration in this paper under Health section are Health care & Medical Camps, Financial Assistance to patients, Hygiene or sanitation facilities, Providing Ambulance & medical equipment, Distribution of Artificial Limbs and mobility aids.

Table No.3 Classification of activities carried out by companies in the area of health

Company Name	Health care & Medical Camps	Financial Assistance to patients	Hygiene or sanitation facilities	Providing Ambulance & medical equipment	Distribution of Artificial Limbs and mobility aids
Axis Bank	Yes		Yes		
Bank of Baroda	Yes		Yes		
Canara Bank	Yes	Yes		Yes	Yes
HDFC Bank	Yes		Yes		

ICICI Bank	Yes		Yes		
IDBI Bank	Yes		Yes	Yes	
Kotak Mahindra Bank	Yes	Yes	Yes	Yes	
Punjab National Bank	Yes	Yes	Yes	Yes	Yes
Total	8	3	7	4	2

Source - computed from secondary data.

Among the selected companies taken for study, all of them focus in the area of health care, where they carry out activities like organizing medical camps and providing basic medical facilities to community. All the eight companies providing health care facilities. Majority of companies seven out of eight providing sanitation facilities. Four out of eight companies providing ambulances and medical equipment.

Environment– The fast growth of industries results in overexploitation of available resources. Organizations are using a huge amount of natural resources. Environmental CSR activities targets to cut down any harmful effect on the environment for business processes. Major CSR activities performing by banking industry in environment area are pollution control, waste management, tree plantation and protection, avail dustbins, rainwater harvesting, green belt development, use of the renewable sources of energy, ecological balances and natural resources conservation, environment protection activity, etc. CSR activities taken into consideration in this paper under Environment section are Environment sustainability & protection activity, Promoting Clean India, Use of renewable resources of energy, Tree plantation and protection, Conservation of natural resources.

Table No.4 Classification of activities carried out by companies in the area of environment

Company Name	Environmental sustainability & protection activity	Promoting Clean India	Use of renewable resources of energy	Tree Plantation and protection	Conservation of natural resources
Axis Bank	Yes		Yes	Yes	
Bank of Baroda					
Canara Bank	Yes	Yes	Yes	Yes	Yes
HDFC Bank	Yes				Yes
ICICI Bank	Yes	Yes			
IDBI Bank	Yes				
Kotak Mahindra Bank	Yes	Yes	Yes	Yes	
Punjab National Bank	Yes	Yes	Yes	Yes	Yes
Total	7	4	4	4	3

Source - computed from secondary data.

Majority of companies seven out of eight including in environmental sustainability and protection programme. Canara bank and Punjab National bank adopting major CSR activities in the field of environment followed by Kotak Mahindra bank. Four out of eight companies included in Promoting Clean India, Use of renewable resources of energy and Tree plantation and protection.

Social development - CSR activities carried out by companies, help society in improving their quality of life. Business and society depend on each other for their development. Organisation uses social resources for the development of business and in return do something good for society by such activities. These activities implemented where the company is located. Here some activities adopted by banking industry in environment sector mainly as income generation, skill development, women empowerment, rural development, infrastructure, livelihood (food to poor, water filters, gas stove), training for the development of persons with disabilities, etc. CSR activities taken into consideration in this paper under social development section are skill development, women empowerment, welfare of society, livelihood, rural development.

Table No.5 Classification of activities carried out by companies in the area of social development

Company Name	Skill development	Women empowerment	Poverty and nutrition	Welfare of society	Livelihood	Rural development
Axis Bank			Yes		Yes	Yes
Bank of Baroda	Yes	Yes		Yes		Yes
Canara Bank	Yes	Yes	Yes	Yes	Yes	Yes
HDFC Bank	Yes	Yes	Yes		Yes	Yes
ICICI Bank		Yes	Yes		Yes	Yes
IDBI Bank			Yes		Yes	Yes
Kotak Mahindra Bank					Yes	
Punjab National Bank		Yes		Yes		
Total	3	5	5	3	6	6

Source – computed from secondary data.

Six out of eight companies included in Livelihood and Rural Development. Five out of eight companies included in women empowerment and Poverty & Nutrition. Canara bank included in all the six activities skill development, women empowerment, poverty and nutrition, welfare of society, livelihood and rural development. HDFC bank included in five activities except welfare of society. Both Bank of Baroda and ICICI Bank included in four activities out of total six activities in the field of social development.

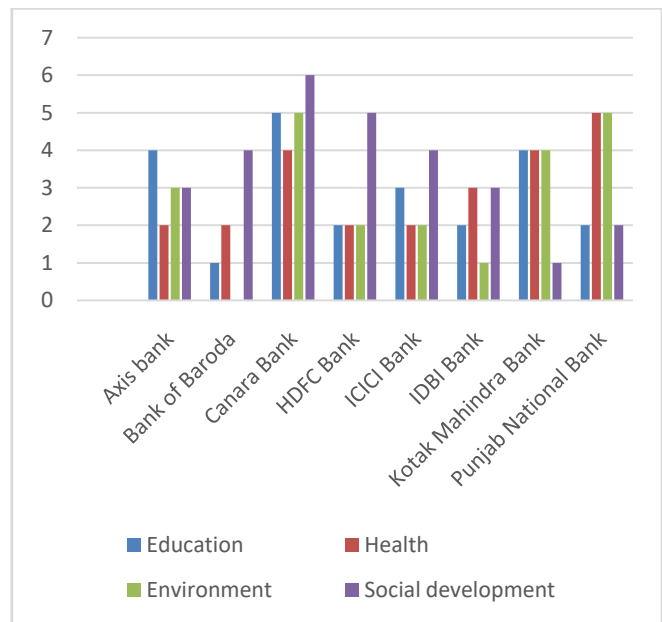
VI. SUMMARY OF FINDINGS

The following table summarizes each company's under the four major areas and their total :-

Table No. 6 Summary of the data

Company name	Education	Health	Environment	Social development	Total
Axis bank	4	2	3	3	12
Bank of Baroda	1	2	0	4	7
Canara Bank	5	4	5	6	20
HDFC Bank	2	2	2	5	11
ICICI Bank	3	2	2	4	11
IDBI Bank	2	3	1	3	9
Kotak Mahindra Bank	4	4	4	1	13
Punjab National Bank	2	5	5	2	14
Total	23	24	22	28	97

The above table shows that the eight selected companies all together perform 97 CSR activities under different areas. Out of eight companies Canara Bank implements the maximum CSR activities followed by Punjab National Bank. Canara Bank tops in the area of education and social development. In the area of environment Canara Bank tops along with Punjab National Bank and in the area of health Punjab National Bank implements maximum CSR activities followed by Canara Bank and Kotak Mahindra Bank.



VII. CONCLUSION

CSR activities of the selected companies are classified into four major areas - Education, Health, Environment, Social development. It is identified that all the companies showing their considerable interest in Social development and the least attention is given to the areas concerning Environment. It is advised that more CSR initiatives can be implemented in the area of Environment by all the companies. Banks must provide appropriate trainings to its employees on environmental risks to ensure that climate change, conservation of natural resources, pollution, etc problems taken into account in corporate banking decisions. By giving attention to environmental protection, reducing pollution and maintain ecological balance companies can provide a better environment to live in the community and can be a socially responsible member.

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