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# “A STUDY ON CORPORATE SOCIAL RESPONSIBILITY IN INDIAN BANKING SECTOR”

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## **Abstract**

This paper looks at how Indian banks handle their social responsibilities. Corporate social responsibility is an important part of a business model that is self-regulating. Corporate social responsibility is an important tool that gives Indian banks a competitive edge and helps them build a better reputation. Corporate Social Responsibility (CSR) is a way for businesses to help society grow and develop. Public and private sector banks spend their CSR money on things like healthcare, getting rid of hunger and poverty, education, empowering women, protecting the environment, training and development, disaster and relief management, and so on. The paper is based on both first-hand and second-hand data from the annual reports of banks from 2016 to 2019. CSR is becoming more important in the banking industry these days. The paper looks at three

public banks and three private banks and their most important areas.

Corporate social responsibility, Indian banks, and sustainable development are all things that go together.

**Keyword:** Responsible business practices, Indian banks, and sustainable development.

## **Introduction**

The phrase "corporate social responsibility" stresses that a business has moral responsibilities to society. Social work is required by law because it is good for society as a whole. Corporate social responsibility means "giving back" to the community or society from which we have made money. It's a business strategy that helps the company make a bigger difference in the world. It is also called "Corporate Citizenship," "Business Citizenship," "Community Relations," "Social Responsibility," "Corporate Sustainability," "Corporate Accountability," "Triple bottom line (TBL) Sustainable Responsible Business," and "Corporate Sustainability."

Bert Scholtens says, "Finance has to do with the long-term success of economic development and CSR. The three ways of getting money make it possible to steer the economy in a way that takes into account social, ethical, and environmental concerns. According to Michael Hopkins (2003), CSR is about how the company treats its internal and external stakeholders in an ethical or socially responsible way. The larger goal of corporate social responsibility is to raise the living standards of the company's stakeholders while keeping the company profitable.

CSR is a set of management practices that banks use to make sure that their operations have as few negative effects on society as possible and as many positive effects as possible. So, this definition shows the connection between socially responsible decisions and "the business" that comes from respecting the people, the communities, and the environment.

So CSR is now an important part of how an organization works. You shouldn't judge an organization's performance by how much money it has. The government needs to pay attention to both the banks' financial performance and their CSR performance. Considering how important the banking sector is in India, this study focuses on the CSR activities that Indian public sector and private sector banks do. Also,

CSR isn't about charity or donations. It's about a lot of different kinds of responsibility, such as legal and economic responsibility.

### **Objective**

1. To know what CSR means in the banking industry.
2. To learn about the most important CSR projects in the Indian banking sector.
3. To look at how CSR is going right now in both public and private banks.

### **Research Methodology**

The way this study's research was done is For this study, the banks were chosen through a random sampling method and a descriptive research design. There are many public and private banks, but this study will only look at three public and three private banks. In the public sector, we use data from State Bank of India, Punjab National Bank, and Canara Bank. In the private sector, we use data from HDFC Bank, ICICI Bank, and YES Bank. The data comes from secondary sources, such as the Annual Reports, Web sites, newsletters, and data from different journals of the banks in question.

#### Literature Review

This part gives a review of the theoretical literature on CSR activities in the Indian banking sector. India is the first country in the world to make corporate social responsibility (CSR) a law. Companies can use their profits to help with things like hunger, poverty, education, and keeping the environment clean.

The CSR idea became popular in the late 1960s and early 1970s. It encourages organizations to think about what's best for society by taking responsibility for how their actions affect consumers, employees, shareholders, communities, and the environment in every part of their business. Before 1947, when India was still a British colony, businessmen and religious philanthropists worked together to help people in need. This was the beginning of corporate social responsibility. After 1947, the Gandhian philosophy of trusteeship was very popular. It pushed for the role of public sector units (PSUs) as important parts of the development agenda. When the market was opened up after 1991, global players were able to join, which made the market more competitive. The global standards of CSR pushed the local players to meet the need, increase the value of their brands, and make sure customers were happy. When the global economy began to grow after 2000, global information sharing made it possible for the Indian government to use the best practices. This made India the first country to require corporate social responsibility (CSR). The focus has been on partnerships and the triple bottom line of engagement, not just on making money together.

Corporate social responsibility is the most important part of the business world, which includes banks and financial institutions. RBI also told Indian banks in 2007 to start CSR projects for sustainable development and to start non-financial reporting about activities in the era of environmental, social, and economic accounting. It's been noticed that most of India's public sector In their annual reports or on their websites, banks don't talk about their CSR work. The banking institutions do not take adequate steps for updating the activities in CSR. On December 20, 2007, the RBI sent out a notice. In this notice, the RBI tells the banks to combine their business operations with social and environmental concerns.

In their 2011 study, Suman Kalyan Chaudhury, Sanjay Kanti Das, and Prasanta Kumar Sahoo said that people are becoming more aware of Corporate Social Responsibility (CSR), Sustainable Development (SD), and Non-Financial Reporting (NFR) (NFR). Considering how important banks are to the world's economy and development, the banking sector's contribution to sustainable development is of the utmost importance.

Kvasniková Stanislavská, L., Margarisová, K., astná, K. (2012), defined the concept of Corporate Social Responsibility from a theoretical point of view. They focused on how it has changed over time, what it looks like now, and how it affects a company's financial performance. They look at how corporate giving

has changed over time and find the link between corporate giving, corporate profit, and the financial and economic crisis.

### Applicability

India is the first country in the world to make corporate social responsibility (CSR) a law. Section 135 and Schedule VII of the 2013 Companies Act have been updated to include a new section on corporate social responsibility. This section went into effect on April 1, 2014. Section 135 of the Companies Act says that the CSR only applies to companies that meet a certain size limit.

<b>NET WORTH</b>	Rs 500 crore
<b>TURNOVER</b>	Rs. 1000 crore
<b>NET PROFIT</b>	Rs. 5 crore

Also, the CSR Rules say that the CSR rules apply not only to Indian companies, but also to the branch offices and project offices of foreign companies in India. Companies had to tell stakeholders how much they spent on CSR. Also, company boards have to have at least one woman on them by law.

### Data collection

A major contribution of different banks towards society

Corporate social responsibility has been a promise to stakeholders for a long time. Banks are like veins in the body. While veins supply and control blood to all the organs, banks control how much money gets into the economy and where it goes.

After the energy and power sector, the banking sector had to spend the most on corporate social responsibility (CSR) (Corporate social responsibility).

A. State Bank of India

On June 2, 1806, the Bank of Calcutta was founded. This was the beginning of the State Bank of India (SBI). State Bank is the oldest bank in the public sector, and it has started using green banking practices. The goal of the SBI Foundation is to improve the social and economic well-being of society, to be the leading institution for promoting growth and equality, and to be responsive to the needs of the communities in which it works. It also helps everyone in our country, regardless of where they live, what language they speak, their caste, creed, or religion. And their goal is to help the poorest parts of society grow economically by giving them access to resources. "My SBI," "My Customer First," and "My SBI First in Customer Service" are the three parts that make up the "Vision" statement.

Table no. 1: The comparative chart of CSR spends in the last 3 Year in crore (Source-SBI annual report)

<b>CSR Activities</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>
Health Care	56.00	10.16	5.017
Education	19.50	9.03	-
Disabilities	5.41	1.12	-

Skill Development	44.66	56.48	-
Environment Protection	4.78	2.25	1.67
Sanitation	4.04	4.51	1.24
Sports, culture, R&D and others	7.37	25.98	-
Natural calamities	2.16	3.38	5
<b>Total</b>	<b>143.92 crore</b>	<b>112.96 crore</b>	<b>16.46 crore</b>

So, based on the data that has been collected, the State Bank of India spends the most on training and skill development for its employees. At the same time, SBI keeps cutting back on its funds and cutting back on the different areas of CSR. In 2016–17, CSR costs were 143.92 crore, and in 2018–19, they were 16.46 crore.

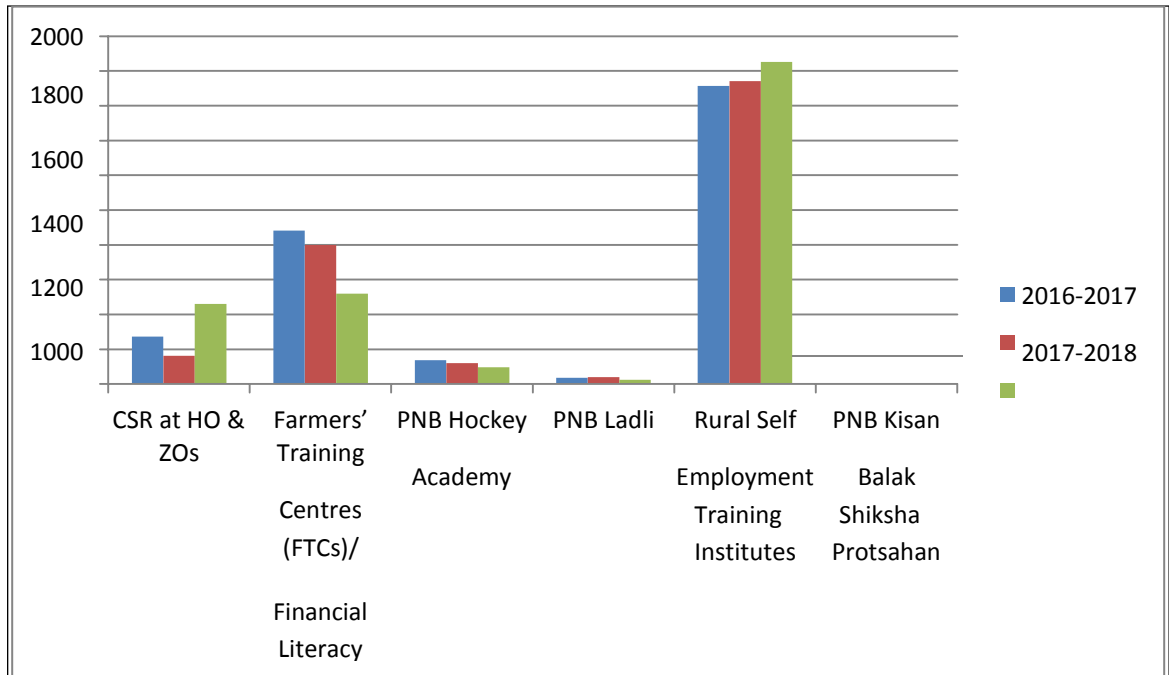
#### **B. Punjab National Bank**

PNB is an Indian bank with its main office in New Delhi. The bank was set up on May 19, 1894. Corporate Social Responsibility is based on an organization's values and shows how it does business, creates and delivers services to meet its goals and promises. PNB is dedicated to "giving back to society." Their CSR schemes PNB Ladli, PNB Kisan Balak Shiksha Protsahan Yojana, Mahila Kaushal Vikas Yojana.

Table no. 2: The comparative chart of CSR spends in the last 3 Year in Lakh (Source-PNB annual report)

<b>CSR Activities</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>
CSR at HO & ZOs	272.30	161.82	459.98
Farmers' Training Centres (FTCs)/ Financial Literacy Centres (FLCs)	882.00	799.00	520.01
PNB Hockey Academy	136.90	120.00	96.85
PNB Ladli	35.57	40.00	24.01
Rural Self Employment Training Institutes (RSETIs)	1714.00	1741.00	1851.41
PNB Kisan Balak Shiksha Protsahan Yojana	-	-	1.89
<b>Total</b>	<b>3040.77Lakh</b>	<b>2861.82 Lakh</b>	<b>2954.15 Lakh</b>





Based on the bank's annual report and bar chart, we can say that Punjab National Bank is doing a good job with its corporate social responsibility. The bank spends the most money on rural self-employment training institutes, which helps to create new entrepreneurs and promote economic growth in rural areas.

### C. Canara Bank

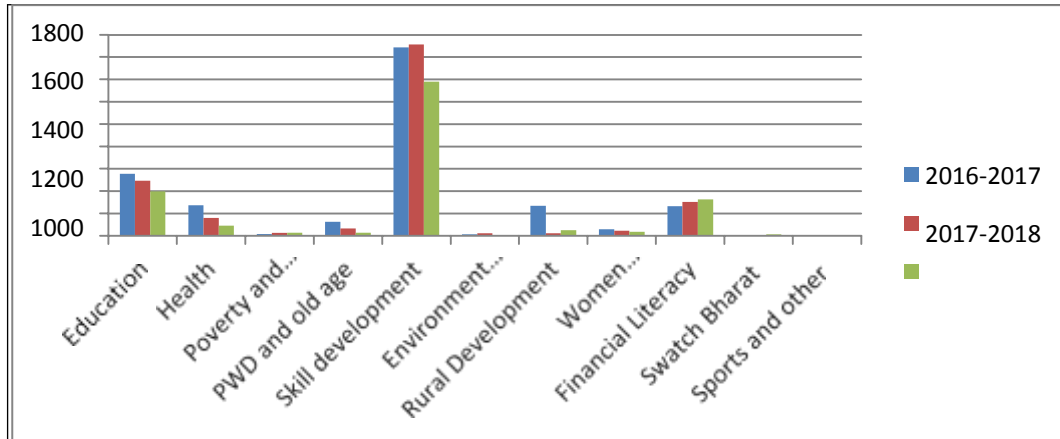
Canara bank started in 1906, and its main office is in Bangalore. Canara bank's vision and mission aren't just about following the rules; they are also a strategic business initiative to achieve sustainable triple bottom line growth and give people more power. CSR will build the bank's reputation and stakeholders' trust in the bank. Under CSR, the Bank has done a lot of good work by setting up Trusts and Institutions that have helped people and society as a whole.

1. The Canara Centenary Rural Development Trust
2. The Canara Financial Advisory Trust

Table no. 3: the comparative chart of CSR spends in the last 3 Year in Lakh (Source-Canara Bank annual report)

CSR Activities	2016-2017	2017-2018	2018-2019
Education	556.74	491.35	398.87
Health	274.39	158.99	91.11
Poverty and Nutrition	15.50	25.88	29.14
PWD and old age	124.60	65.29	27.56
Skill development	1688.00	1712.39	1379.45
Environment Protection	14.96	23.80	5.24
Rural Development	267.81	22.80	52.23
Women Empowerment	61.00	44.07	37.44
Financial Literacy	265.00	303.33	327.14

Swatch Bharat	-	-	13.60
Sports and other	-	5.07	-
<b>Total</b>	<b>3268.00</b>	<b>2852.97</b>	<b>2361.78</b>



D. So, based on the data collected, the Canara bank of India spends the most on training and skill development for its employees and people in general. Canara bank keeps cutting back on the CSR fund. In 2016–17, CSR costs were \$3,268. In 2018–19, they were \$2,361.

E. **HDFC Bank**

HDFC Bank is the largest private Indian banking and financial services company headquartered in Mumbai, Maharashtra, established in August 1994. They are committed to forging mutually-enriching partnerships for sustainable development. To achieve this, bank work with marginalized society to try and understand the needs of society, and then formulate strategies to bring "Parivartan" they need. The vision of HDFC bank is "Creating Sustainable Communities"

Table no. 4: The comparative chart of CSR spends in the last 3 Year in crore (Source- HDFC Bank annual report)

CSR Activities	2016-2017	2017-2018	2018-2019
Promoting Education	25.48	41.29	48.52
Skill Training and Livelihood Enhancement	30.41	17.31	24.45
Health Care	23.56	15.19	17.34
Environmental Sustainability	1.01	0.73	0.72
Eradicating Poverty	4.46	4.18	13.17
Rural Development	220.50	295.85	339.58
<b>Total</b>	<b>305.42 Crore</b>	<b>374 Crore</b>	<b>443.78 Crore</b>

In the budget for 2017, CSR spending of Rs. 14.59 crore that was not used in 2016-17.78 has been carried forward.

Based on the annual report, HDFC bank is the second-largest private sector bank that spends the most on corporate social responsibility (CSR). Through projects like reducing the effects of drought, using clean energy, building water-harvesting systems, and building irrigation plants, the goal is to improve their infrastructure and economy.

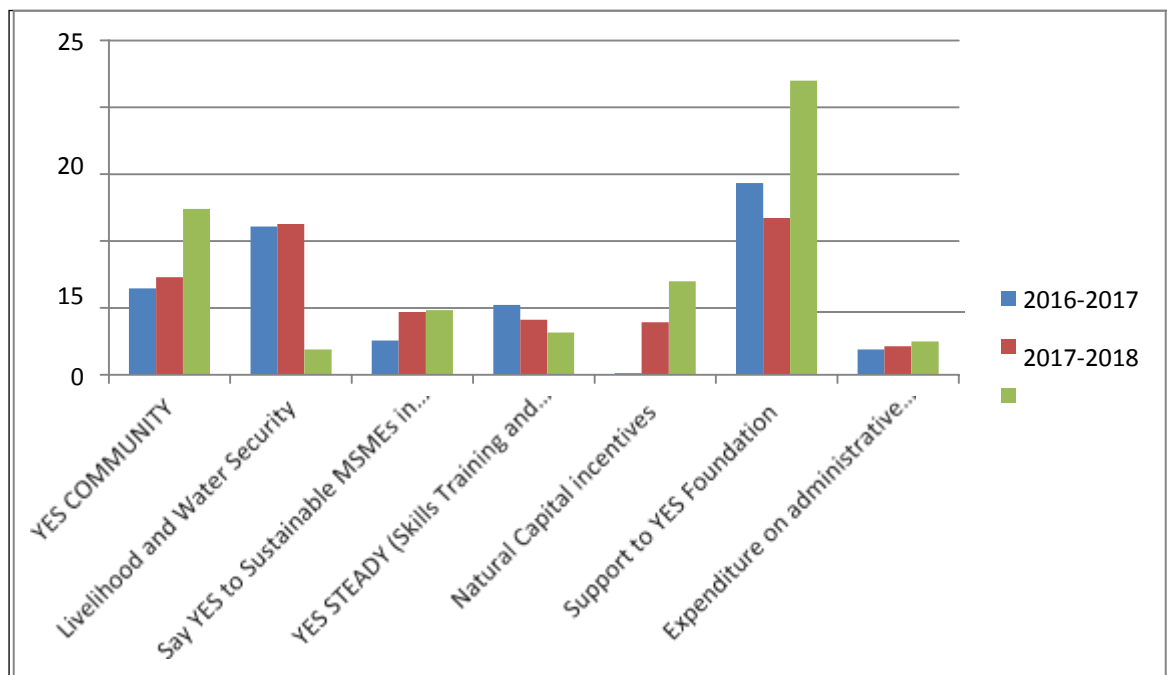
**F. YES Bank**

The headquarters of YES Bank, which is India's fourth-largest private sector bank, are in Mumbai. It offers high-quality banking services that put the customer first. Corporate Social Responsibility (CSR) is a policy that tells the YES Bank how to make a positive social and environmental impact on its stakeholders, both inside and outside the bank.

The YES Bank has come up with a new idea called "Change Maker." This is a great idea for entrepreneurs because it helps them start a small organization that makes a difference in society. YES Bank has two entries in the Limca Book of Records for the Largest Social Filmmaking Challenge.

Table no. 5: The comparative chart of CSR spends in the last 3 Year in crore (Source- YES Bank annual report)

CSR Activities	2016-2017	2017-2018	2018-2019
YES COMMUNITY	6.46	7.31	12.40
Livelihood and Water Security	11.08	11.27	1.90
Say YES to Sustainable MSMEs in India	2.55	4.7	4.83
YES STEADY (Skills Training and Enhancement for Development of Youth)	5.21	4.12	3.16
Natural Capital incentives	0.12	3.92	6.99
Support to YES Foundation	14.34	11.72	22
Expenditure on administrative overheads	1.9	2.14	2.50
<b>Total</b>	<b>41.66</b>	<b>45.21</b>	<b>53.78</b>





Based on the data collected, the most money that YES bank spends on "supporting the YES Foundation" is 7.5 crore, which helps 25 NGOs and social businesses. The CSR fund at YES bank keeps going up. In 2016–17, it was 41.66 crore, but in 2018–19, it is 53.78 crore.

#### G. ICICI Bank

The most money has been spent on helping people by ICICI, which is a bank. The ICICI Foundation for Inclusive Growth was set up by ICICI Bank in 2008.

To meet the CSR goals, the ICICI Foundation has created important projects to build capabilities and Inclusive Growth to help with education, primary health care, sustainable livelihoods, and skill development.

**Table no. 6: The comparative chart of CSR spends in the last 3 Year (Source- ICICI Bank annual report)**

CSR Activities	2016-2017	2017-2018	2018-2019
<b>Projects of ICICI Foundation for Inclusive Growth</b>	475.0	560.0	71.37
<b>Rural development</b>	1303.2	1040.6	-
<b>Financial Counselling</b>	9.3	30.0	-
<b>Miscellaneous</b>	36.1	23.2	2.50
<b>Armed forces</b>	-	50.0	-
<b>Total</b>	<b>1.82 billion</b>	<b>1,703.8 million</b>	<b>73.87 million</b>

In 2008, ICICI bank started a foundation. The foundation's Social Initiatives Group (SIG) works on projects with a high impact that are long-lasting, scalable, and have clear endings. The ICICI Foundation works with government agencies and local community groups to help with development work in four areas.

#### Data Analysis & Interpretation

After we got the data, we used line and bar charts to look at it and figure out what it meant.

#### Public sector Bank

Based on data collected over the past three years from the top three public sector banks in India: State Bank of India, Punjab National Bank, and Canara Bank. We look at which banks spend the most on CSR. Data show that SBI spent the most money on social welfare and economic development.

Public Sector Banks	Total amount of last 3 Year
State Bank of Bank	274,00,00,000
Punjab National Bank	88,56,000
Canara Bank	84,82,000
<b>Total</b>	<b>2757338000</b>

#### Private Sector Bank

Based on data from the last three years from HDFC Bank, ICICI Bank, and YES Bank, which are the top three private banks in India. We look at which banks spend the most money on CSR

Private Sector Banks	Total amount of last 3 Year
HDFC Bank	11,23,00,000
YES Bank	141,00,00,000
ICICI Bank	1959000000000
<b>Total</b>	<b>1960522300000</b>

### Conclusion

This study shows in-depth analyses of the top banks, as well as the different things that each bank does. CSR is a very important tool for India's long-term growth and development. The study shows that both public and private banks are trying to do more in the area of corporate social responsibility (CSR), but that more needs to be done. Some banks don't even do what's required of them, and some don't even put CSR information in their annual reports. The banks have put most of their efforts into helping the community and farmers, but their efforts to help women and educate them are not as big. Also, the public sector banks contribute the most to CSR activities as a whole.

Banks are usually judged by how well they do financially, but this study gives us a new way to look at how well banks do. Some of the best banks, like YES bank, HDFC bank, and State Bank of India, are the best at making money and growing, but they are not the best at doing CSR.

In the end, there are some tips on how to improve CSR in the banking sector. RBI should set the amount of CSR spending, review it on time, and take action right away from the bank, because some banks don't take it seriously, which is bad for society. This study will help policymakers figure out how well banks are doing from the point of view of social welfare.

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