ABSTRACT

Modern trend of corporate social responsibility has touched almost every sector of the world very rapidly. The concept of CSR which emerged in 1960’s was an attempt to link business with society. Corporate social responsibility is about the ways, means and methods used by various business organizations, companies produce an overall positive impact on the society. CSR refers to those strategies which almost all business organizations conduct in their operations to be ethical and friendly to the community in terms of development being apart from their profitability and growth to show their interest in society and environmental welfare. For economic transformation of any country the most important institutional & functional base is the financial system of the country. The banking sector is known as a hub & basis of every financial system. With the increasing need for economic development across the globe, there is demand for banking sector to take a central role to eliminate poverty, achieve environmental security, equitable system of governance. In this regard, in the year 2007, December the RBI played an important role in the area of CSR practices by giving directions to the banks to undertake CSR initiatives for sustainable developments. And now the banking sector is in leading position in discharging CSR practices in India. The main objective of this study is to analyze the CSR activities carried out by selecting banks, i.e. HDFC bank, ICICI bank, SBI bank, Punjab national bank. It has been found that selected banks are directly engaged in CSR practices like educational welfare, health, women and children’s welfare activities. The analysis shows that the public institutions are making clear & transparent efforts, the private institutions are also making efforts of CSR but in restricted form or areas. “CSR could be defined as “corporate citizenship” that involves short term cost that do not provide an immediate financial benefit to the companies, but instead promote positive social & environmental change”. This study is an effort to analysis the level of CSR practices taken up by the banking sector and their reporting along with the current investment of CSR.

Keywords: Corporate Social Responsibility Disclosure; RBI Guidelines; Financial Institutions; Sustainable Developments

INTRODUCTION

CSR is the continuing commitment of profit making companies behave and repaying the obligation of profit earned from society so as to improve the quality of life of the workforce, their families as well as of the local & national communities at large. The corporate social responsibility is a significant feature of business sectors that reflects an impact of business units on sustainable development. Sustainable development is a concept popularly conceived as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” – BRUNDTLAND REPORT (1987). The business community receives the benefits from society & those must be repaid by social banking. Social banking means socially responsible behavior of the banking sector to contribute towards the society in terms of poverty eradication, health and medical care, rural area development, education, environment protection, women welfare, financial literacy and farmer’s
welfare etc. banks besides playing their vital role in the economic development of the state and the country, contributes significantly for social cause too. The reserve bank has provided guidelines to the banks to make them familiarize with the social responsibility. CSR not only includes corporate regulator, but also refers to the act of making a business successful through social and environmental balance.

In order to make CSR applicable widely RBI also started non-financial reporting (NFR) by the banks, which will cover the work done by the banks towards social, economic and environmental betterment of society. Corporation to protect and improve social wellbeing and corporate interest. To make enable socially and economically weaker classes to live a healthy life, the banking sector should endeavor to give financial support to the needy and poor people, people who are suffering and fighting with deadly diseases like cancer, cardiac failures, droughts, floods, earthquakes, Tsunamis etc. The present day’s economic growth and development of India directly depends upon the financial systems which includes financial institutions, financial markets, financial tools or instruments. So, CSR has corporate world as well as by banking sector. Been conceived as an important/significant factor by the

**History of CSR Practices Of Banks In India**

December 20, 2007 the RBI (reserve bank of India) circulated a notice to highlight the role of banks about corporate social responsibility, sustainable development and Non – financial reporting roles of banks”.

In the year 2011, The reserve bank of India, highlighted the need of CSR, suggested the banks to pay attention towards social & environment concerns in their business operations for the sustainable development.

The RBI also pointed out to the start the Non – Financial Reporting (NFR) that will cover all the activities of banks done towards the social economic, environmental betterment. The Non – Financial Reporting is an opportunity to communicate their non financial reports, an overview of their environmental & social impact in an open & a transparent way with stakeholders.

The CSR in Indian banking sector is aimed towards the untapped areas of country like educational, health, medical care, rural area development, self employment training & financial literacy training, infrastructure development, environmental protection etc.

By this, it can be understood that CSR is now an integral part of the functioning of an organization. The performance of an organization should be judged on both parameters: financial and non financial. As banking sector is the base of India, study is focuses on corporate social responsibility & disclosure by Indian banks.

**OBJECTIVES OF THE STUDY**

The study has been geared towards achieving the following objectives:

1. To understand the concept of CSR in Indian banking.
2. To study the CSR initiative in Indian Banks (2 Private 2 Public).
3. To study the CSR reporting of Indian banking systems.
4. To know the present status of CSR in Indian banking system.

**RESEARCH METHODOLOGY**

The research design of this study is Descriptive research-designs, random sampling technique is used for selecting the banks for this study in which the two from public bank and two from private bank have been selected for the study i.e. SBI, PNB, HDFC, ICICI. The data are mainly collected from secondary sources, particularly from bank’s Annual Reports, journals, articles, Web sites, newsletters.
REVIEW OF RELATED LITERATURE

The concept of corporate social responsibility is not a new concept. Its focus point changes with the changing requirements of business and varying social needs. Now CSR recognize different kinds of responsibility, including economic & legal responsibility. This section provides reviews of the theoretical literature on CSR activities in the banking sector. The term CSR was evolved in the late 1950’s, but come to prominence in early 1970’s when developing countries were under the issues of poverty, unemployment, gender inequality.

The 1950’s the beginning of the modern era of CSR & it was commonly known as SR or Social Responsibility.

HOWARD BOWEN, 1950 had published his book named, “Social Responsibility of businessman”& Bowen introduces a fundamental definition of CSR “it refers to the responsibility of businessman to apply those strategies, to settle on those choices, to take over those lines of activities which are attractive as far as commitment & estimation of society.

JOSEPN W MC GUIRE, 1963 in his book named -“Business and Society” expressed that given the possibility of social to be assumed as that the corporations had financial & legitimate commitments as well as certain obligations towards the society which augmented these commitments.

CLARENCE C WALTON, 1967 the idea of voluntarism was first found in his book. CSR, he linked corporate with a society that corporations have relationship with society even beyond business.

DAVIS 1973 also stated CSR as a firms’ commitment & reactions to different issues which may fall beyond the purpose of economic, technical, legal requirements of the firm.

CARROLL 1979 conceived the concept of CSR as a composite form of societal expectations from business units, i.e. economic, legal, and ethical at a given point of time.

In 80’s and 90’s the social responsibility concept has reconditioned in a new way, such like stakeholder theory, corporate social innovations, corporate governance & corporate social performance.

ARCHIE B. CARROLL 1999 discovered the corporate pyramid. In the CSR pyramid, the economic responsibility was found one of the most extensive base & set apart as one of the required obligation. He explains the social responsibility with four factors: a) Philanthropic responsibility, b) ethical responsibility, c) legal responsibility, d) economic responsibility.

In the 21st century general attempts was made to establish the linkage between the economic, social, environment and sustainable development.

BARON (2001) & MC WILLIAMS (2001), were the initial two analysts who considered the benefit, boost with CSR first two researchers who studied and defined the “profit maximizing with the CSR”. Baron 2001 studied CSR as the “private procurement of open great” and stated the case of Ben & Jerry’s duty to donate 7.5% of pre-tax profit for society. MC Williams (2001) defined a clear theoretical model. In his theory he explains the concept of cost/benefit analysis with the CSR concepts.

WORLD BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT (2001) explained CSR as the duty of business to contribute towards responsible financial improvement, working with representatives, their families & neighbourhood group.

FRIEDMAN (2006) gives a definition that “There is one and only one social obligation of business to utilize its assets and participate in exercises intended to build its benefit in as much as it stays within guidelines of the amusement which is to say takes part in open & free rivalry without double dealing or extortion.
JACOB M. ROSE (2007) in his study found that sometimes directors of the businesses make such decisions by using their rationality and cognition which satisfies personal ethics and social responsibility. The outcomes recommended that extra morals instructions will have little impact on choices of numerous, organizations pioneer on the grounds that their choice are driven by corporate law as opposed to individual morals.

**CSR and Indian Banking System**

CSR has been expecting more prominent significance in the corporate world, including the banking sector. There is a transparent trend in the financial sector of promoting environment reporting. Keeping the prospective of environment responsibility the Reserved Bank of India has rightly issued the ‘moral suasion’ policy for banks on CSR. The major issued discussed in the notice that was circulated by RBI, were regarding corporate social responsibility, sustainable development and Non – Financial reporting. The major key areas of CSR are should be education, women empowerment, rural development, destitution destruction, group welfare, occupation, welfare of children, professional training. Briefing about the corporate social responsibility program to another member commercial banks, RBI followed many international initiatives to highlight the importance of this notice like United Nations Environment Program Finance Initiative (UNEPFI), a Global Reporting initiative (GRI), International Finance Corporation, The Equator Principles and Declaration on Financial Institutions.

In this regard, Bhatt [2008], stated that ‘’ Banks do not exist in a vacuum , they made a large contribution to the country & GDP growth, meet the demand of the growing middle class, contributions to infrastructure spending and reach out to the sustainable area and rural area.

**Role of Indian Banking Sector**

NARWAL (2007) made a study of 33 banks (private and public) in Northern Haryana to highlight the CSR initiatives taken by Indian banking industry, which can help them to enhance their overall performance. The discoveries of the study propose that about CSR activities bank have a goal & perspective point, they are fundamentally concentrating on particular zone, training environment. He found in his study that Indian banks should adopt an integrated approach by combining CSR with customer satisfaction.

NARWAL (2007) made an attempt to highlight the CSR initiatives taken by Indian Banking Industry. The findings suggest that banks have an objective viewpoint about CSR activities. They are concentrating mainly on education, balanced growth (different strata’s of society), health, environmental marketing and customer satisfaction as their core CSR activities.

Bhatt [2008], stated that ‘’ Banks do not come in isolation , they made commitments to the country & GDP growth, take care the demand of developing white collar class, commitment to foundation spending & connect with the practical zone.

SHARMA (2011) made an attempt to analyze CSR practices and CSR reports in India with special reference to the banking sector and concluded that the banking sector in India is showing interest in integrating sustainability into their business models but its CSR reporting practices are far away from satisfaction.

SANJAY KANTI DAS (2012) in his study presented that development of corporate social responsibility is very slow in India through it was started a long time ago. In his view CSR has been assuming greater importance in the corporate world, including the banking sector.

SARITA MOHARANA,(2013)“Corporate Social Responsibility : A Study of Selected Public Sector Banks in India”. The study took the sample of 5 nationalized banks. The study showed that the banks are less aware about their CSR responsibility. According to the study the concept of CSR is changing due to international development.
PALLAVI SETHI (2013), "Social Reporting by Indian Banks & Foreign Bank – A Comparative Analysis". The objective of this paper was to study the reporting of CSR of 21 public banks as well as 22 private banks. The conclusion of the study was that there is need for mandatory & comprehensive corporate social reporting, to make it adaptive.

VIKAS CHOUDHARY, SUMAN TANDON (2013), “Corporate Social Responsibility of Public Sector Banks in India”, studied the status of CSR in Indian banking. The study took the sample of 7 banks. The finding of the study suggested that banks should make more disclosure regarding the reporting of CSR.

Dr. SANGAPPA S RAMPURE (2014) “Sustainability: A Positive Contribution by Indian Banking Sector”. The study gives the emphasis on RBI guidelines & sustainability initiative taken by Indian banks. The study concluded that RBI has been encouraging banks to make proper social disclosure.

SAPNA KATARA, Dr. LOKESH ARORA (2014) “Emerging trends in CSR in Indian Banks” the basic purpose was to analyze the CSR practices of the banks. The study analysis the report of 16 Indian banks. The outcomes of the study were that India is facing changes of CSR & integrating social development in business.

VIVEK WANKHADE (2014) “The Analysis of the corporate social responsibility spending, the Indian companies”, the research studied the new companies Act, 2013, that profitable companies should will have to spend at least 2% of their profits on social obligations. The study revealed that the social responsibility by Indian companies is less than 2%, including banking sector the finding assist that there should be more transparency in business responsibility reports along with annual reports.

BHUVANESHWARI.M, CHITRA.P, ARTHI.D, (2015), “CSR Initiative of ICICI Bank”, the study throws the light on the activities of ICICI bank regarding CSR. The study conducted with the 5 years annual reports. The study, concluded that banks are highly aware towards social causes & contributing to the sustainable development of the country. ICICI private bank following the guidelines given by RBI by making clear disclosure of CSR.

Banks CSR Initiatives And CSR Expenditure SBI

The concept of corporate social responsibility was introduced in SBI as early as 1973, under the name of innovative banking. The bank is the substantial contribution towards the various social, environmental, and welfare activities. The bank’s pledge towards CSR vision is serving the community everywhere which is very much reflecting on their CSR contribution.

The comparative study of their CSR spends of the last three years is as under: The banks keep aside 1% of their net profit for corporate social responsibility.

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<th>CSR AREAS</th>
<th>OBSERVATIONS</th>
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<tr>
<td>Education, Healthcare, Livelihood creation, Environment protection, Assистances to under privileged, Assистances natural calamity.</td>
<td>To support education the bank has provided 1,40,000 fans to 14,000 schools for underprivileged children. The bank has also provided the support to the schools by the way of buses, vans, educational donations to visibly challenge children. The bank denoted the 30,000 water purifiers to schools. The bank has donated 313 ambulances &amp; medical vans. The bank has donated ambulance, furniture &amp; medical aids worth rs.1.70 lakhs to various NGO’s. The medical equipment has been provided at 90 centers at 8.87 cores. The bank has extended the total amount of Rs. 14 crores for the health and medical equipments as a part of CSR activities. The bank has denoted the Rs.6.00 crores to Chief Ministers Relief’s fund to 3 states. The bank has adopting Green Marketing by adopted efficient energy measures.</td>
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<td>Year – 2013-14</td>
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The bank had spent total Rs.115 crore for CSR.

| Educational loans, Infrastructure to schools, National donation, Year – 2012-13 | In the year 2012-13 SBI, (vocational educational) scheme for was launched in July and loan up to 1 lakh was given under this scheme. The education loan has also been grown up by 9.83%. The amount of loan for study in foreign countries has also been increased to 20 lakh. The bank has donated for Chief Minister Relief’s fund, Prime Minister’s fund. The total CSR spent was Rs.123 crore. |
| Rural development, education, Micro financing, Year – 2011-12, 2010-11. | The bank took initiative in rural development by installing solar lamps. SBI is leading public bank plays a very key role in the field of education in 2011-12, SBI has provided 1,20,000 fans to 12,000 schools in September all over India, and water purifiers to 13,600 schools as a part of its CSR. The bank also took initiative in micro financing & other community developments. The education loan has grown at 23.26% that has total extent of Rs. 10,980 cores. In 2010-11, 2547 projects have been assisted with 25.95 cores covering the area of health, education, assistance for sports, and for tribal. During 2010-11 SBI, children wealth was set up with donations from employee with Rs.5.62 lakh. In the year 2011-12 the highest donation is made by SBI in education sector with 38.33 cores. The total spent in the year 2011-12 was Rs. 71 crore. The bank has provided assistance to poor and underprivileged, environmental protection, clean energy and helps in national calamities. SBI has been always a forefront to help states affected by natural calamities. In the year 2010-2011, donation amounting to 2 cores were made to UP Chief Minister’s Relief Fund for providing relief and rehabilitation to victims of Natural Calamities. |

PNB

Punjab national bank is also a big player in the banking sector with strong CSR strategies like sustainability, corporate volunteering, social investment, health, collaboration and green initiatives. The vision of PNB regarding CSR is “Giving back to society”.

| CSR AREAS | OBSERVATIONS |
| FGMO, Green initiatives, Priority sector, Asha kiran, village adoption schemes, Year -2013-14 | FGMO, organized health checkups in different regions. Under Green initiatives 400 trees were planted. The bank achieved the National goal, by providing credit to the rural sector. The bank launched the scheme of Asha Kiran to provide free health checkup, training for self-employment, and women’s training centers in more than 1000 regions. The bank has adopted more 130 villages under the new scheme. |
| PNB Prerna, Award, Akashyapatra Foundation, Earth Saviors foundation, help to weaker section of society, Farmer training centers, Rural development CRDT, Year – 2012-13 | PNB Prerna started for distributing food, shelter for the backward regions. PNB has got award for most Responsible Bank Award for two years, PNB denoted 30 fans to NGOs. Akashyapatra foundation meant for helpless to provide them food. The Foundation provides Rs. 16 lakh for poor & needy people. Earth savior’s foundation established to distribute pencils, sweets, food to unprivileged children. FTC, has adopted villages for development activities & denoted Rs.5 lakh to villages for schools, fans, dispensaries. The bank started farmer training centre for rural development which includes 18110 women. The bank initiated the Rural development CRDT for rural youth to provide them employment. |
Credit to weaker section, Credit to women’s beneficiary, Provision of banking services to villages, Credit to agriculture, PNB farmer’s welfare trust, Micro enterprises
Year -2011-12
The bank started imparted training to women to provide help for small scale enterprises. In year 2011 the bank got Golden Peacock Award. Bank has given about Rs. 45,296 crores to finance micro enterprises. The bank also supported weaker section with Rs. 18681 crores & specifically to women Rs. 9218 crore.

ICICI
ICICI is an Indian largest private sector bank, established foundation in 2008 for its philanthropic activities.

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<td>Training centre, Educational development, Health care. Year -2013-14</td>
<td>The bank has started a training centre for youth development, had opened up 9 centre that will train more than 5000 youth of different regions. The bank adopted many villages for providing them with vocational education courses. To promote health care the book made available water to many villages, spread health awareness, set home &amp; hostels for women. Total spent on CSR Rs. 1.56 billion, which is 1.8% of its net profit.</td>
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<td>Education, Health, Financial literacy, Blood donation program, Support employee engagement in CSR, Year – 2012-13</td>
<td>The bank contributed to Prime Minister’s National Relief fund to help the flood affected area in J&amp;k. The bank initiated various education &amp; health related programs to support underprivileged people &amp; donated the Rs.66.2 million, Rs.77.2 million respectively . The total spent on CSR Rs. 202.1 million.</td>
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<td>Eklavya foundation, Save the girl child, Strengthen convergent, Ecosystem Year 2011-12</td>
<td>The bank started Eklavya foundation with the investment of Rs. 6.52 million. The bank participated in the various social programs &amp; donated the Rs.0.92 million. Total spent this year was Rs. 112.93 million. The bank started the program name as strengthen convergent to reduce anima &amp; under nutrition among children. In this year the total spent was Rs. 75.9 million.</td>
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HDFC
HDFC bank, CSR is not all about society welfare, but to ‘‘GO GREEN’’ with developing healthy ecosystem. The bank has collaborated with many NGO’s as Masoom, Sath charitable trust, Sneha, Vidya & child and more. The current investment in CSR is 0.58% of Net profit after tax.

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<td>Financial literacy, credit support, adoption of village, promoting education. Year – 2013-14</td>
<td>The bank has organized the training camps to spread the financial literacy about saving, credit, banking utilization. The bank has provided credit support to the weaker section of society. The bank adopted around 10000 villages across the country. The bank has initiated the program Galli schools, for this till the year bank invest 1.34% of its profit for the education of children.</td>
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<td>Blood donation camps, Waste management, Micro financing. Year – 2012-13</td>
<td>The bank organized blood camps &amp; collect 1.28 units donated to the hospitals. The bank has emphaes on waste management as paper waste, electricity, plastic &amp; reduced 60% wastage. The bank started sustainable livelihood initiative to provide micro financing to the villages &amp; spread</td>
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CONCLUSION

At present, the banking sector has become more effective as compared to its past performance and started working upon CSR in a responsive way. Majority of Indian banks has participated in Social responsibilities considering them to be their priority. The dark side of the coin is this that the banks in India are still not responsive towards their social reporting, i.e. they are not still disclosing their amount spend on such initiatives with full transparency. The public sector banks are more transparent than the private sector banks. After the circular of RBI the concept of CSR has popularity among Indian financial institutions through various social initiatives. The lack of corporate social reporting of Indian banks can be improved by proper monitoring.

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