A Study on Corporate Social Responsibility (CSR) of Indian Banking Sector

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Abstract: This paper is the study about the Corporate Social Responsibilities of the banking industry in India. Social Responsibility of business refers to what a business does over and above the statutory requirement for the benefit of the society. The word “responsibility” indicates that the business has some moral obligations towards the society. Corporate social responsibility is a topical and strategic practice in business. The paper is based on secondary data. Now-a-days CSR has been assuming greater importance in the corporate world including banking sector.

Keywords: CSR, Banks.

1. Introduction

“Corporate social responsibility (CSR) is extremely vital in today’s globalized world to be considered as an Excellent Organization. Furthermore, CSR understanding can develop in competitive opportunities by identifying key stakeholders; therefore it is an important part of our Agenda 2011” (MIB Motor Insurers’ Bureau, 2009) (Griseri & Seppala)

“In a globalized market economy, CSR is part of modern Business.” Thomas Donaldson (Financial Times, June 2nd 2005)

“Today, CSR goes beyond the old philanthropy responsibility that companies accept for the environment around them, for the best working practices, for their engagement in their local communities and for their recognition that brand names depend not only on quality, price and uniqueness but on how , cumulatively, they interact with companies’ workforce, community and environment.” (Gordon Brown, CSR A Government Update,2004)

2. Meaning of CSR

CSR is the integration by companies of social and environment concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. The concept of social responsibilities means going beyond the fulfillment of legal requirements by investing more in human capital, the environment, and relations with stakeholders. It is a voluntary instrument, but must be implemented reliably so that it fosters trust and confidence among stakeholders.

3. CSR Practices in Indian Banking Sectors

- Banks are expanding their branches in rural areas. However, illiteracy and the low income savings and lack of bank branches in rural areas continue to be a road block to financial inclusion in many states. Apart from this there is inadequate legal and financial structure.
As described by the Reserve Bank of India, Priority Sector is lending means to the agriculture, small scale and ancillary industries, new and renewable sources of energy, cottage industries, food and agro, education, housing.

This variable include all the activities carried out by the banks for the purpose of environmental safety or to reduce the environmental harm by adopting different initiatives, replacing traditional activities’ by eco friendly processes or activities inn day to day business.

As per the Reserve Bank of India, Financial literacy is providing familiarity and understanding of financial market products, especially rewards and risk, in order to make informed choices.

Indian economy has always been an agriculture based economy. Some of the major activities done by the banks under the farmer’s welfare are as follows:

1. Agriculture Debt Waiver and Debt Relief Scheme
2. Loan for solar Water Heating Systems at concessional rate
3. Rural Extension Education Programmers enabling farmers
4. Entrepreneurs to improve their productivity
5. Establishment of Farmers clubs
6. Farmer’s Training Centers
7. Special credit cards for farmers
8. Agriculture knowledge sharing programs
9. National insurance programs for agriculture
10. Financing rural go downs and cold storages
11. Debt Swap Schemes
12. Setting up agriculture cluster for better farming
13. Commodity finance against pledge of warehouse receipt of agro commodities.

**Figure 1**

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4. Some Recent CSR Initiative by Indian Banks

**Yes Bank** is the largest private sector Bank in India. Yes Bank in association with CARE India and Humanitarian relief and development NGO has launched India’s first Social Deposit Account (SDA). SDA is regular Fixed Deposit accounts were customers have the option of donating, their interest income to a social; cause through CARE India. Yes Bank received the Best Corporate Social Responsibility Practice award at the 6th social and corporate Governance Awards 2010 held in Mumbai. it also won Best CSR Practice Award in March 2011.
**IndusInd Bank**: its Solar ATMs, solarised premises, green operations and supply chains. The bank is doing a bit in integrating environmental stewardship across its operations and investment portfolio.

**Axis Bank**: Axis Bank Foundation (ABF) was setup as a public Trust in 2006 to carry out the corporate social Responsibility initiatives of Axis Bank. ABF has partnered with several NGOs to provide equitable education to various underprivileged individuals across 13 states of India. These programs aim at alleviating poverty and providing livelihood options for economically weak households. ABF is also actively involved in making steps towards reversing the effects of our ecological footprint, by implementing several sustainability initiatives.

**Housing Development Finance Corporation** (HDFC) has been working with NGOs for providing non formal vocational and technical education programs as well as skill up gradation courses to enable sustainable employment and income generation for economically weaker sections.

**State Bank of India**: SBI, The nation’s largest lender State Bank of India has created a separate company, SBI aims to be the leading institution for promoting growth and equality responsive to the relevant needs of communities where it operates. Its large aim of being a responsible Corporate Citizen, by contributing to nation building through CSR activities.

**Canara Bank**: Rural Clinic Service, Rural Service Volunteer Scheme, Jalayoga Scheme, Rural Resource Development Centre etc.

**Union Bank of India**: Highway Garden, Exhibition-Physically challenged people, Farmer’s Club, Village Knowledge Centers, Rural Development etc.

### CSR ranking of banks out of 100 Indian companies

<table>
<thead>
<tr>
<th>Bank Name</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES Bank Ltd.</td>
<td>27</td>
</tr>
<tr>
<td>IndusInd Bank Ltd.</td>
<td>47</td>
</tr>
<tr>
<td>Axis Bank Ltd.</td>
<td>49</td>
</tr>
<tr>
<td>HDFC Bank Ltd.</td>
<td>53</td>
</tr>
<tr>
<td>State Bank of India</td>
<td>84</td>
</tr>
<tr>
<td>IDFC Bank LTD.</td>
<td>87</td>
</tr>
<tr>
<td>Canara Bank</td>
<td>97</td>
</tr>
</tbody>
</table>

Source: www.futurescape.in (CSR ranking 2018)

CSR practices adopted by banks are not at a big level. From the above table it can be concluded that private sector banks doing great job in the field of CSR. In the field of implementation of CSR practices in the banking companies, Yes bank is at the top with 27th rank, IndusInd bank is at 47th rank, Axis bank is at 49th rank. Public sector banks CSR ranking is not so good out of 100 companies in the comparison of private sector banks.

### 5. Conclusion

Today the banking services are more effective in comparison with the past and the bank have also started working towards social banking that is Corporate Social Responsibility. After the involvement of RBI the CSR becomes the important part of Banking Sector but still more regulations and new policies are required to implement the concept of CSR in Indian Banking Sectors. RBI should made some criteria to distinguish
between the banks conducting CSR practices and those not conducting, on the basis of their involvement in social banking and some percentage must be set for spending on CSR activities by all the established Banks and a proper monitoring is required by a committee on the working of Banks so that the Banks work for their Profit along with contributing towards the society because corporate social Responsibility is just not the charity but a practical implementation of ethical ideas towards to society.

6. References

[5] www.sbifoundation.in