



**ORIGINAL RESEARCH PAPER**

**Economics**

**“A STUDY ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES OF SELECTED PUBLIC AND PRIVATE BANKS”**

**KEY WORDS:** Corporate Social Responsibility, sustainability, contribution, social and environmental concerns.

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**ABSTRACT**

Corporate Social Responsibility is the universal topic of these days as the exploiting Organizations have a consideration on the globe they use for their business. India is the first country in the world to make Corporate Social Responsibility (CSR) mandatory, following an amendment to the Companies Act, 2013 in April 2014. We have a deep-rooted culture of sharing and caring. There is a huge gap in targets and spending. Some banks make CSR expenditure as per their wish and will. And they violate and escalate their CSR expenditure. And hence an initiation is emphasized by the researcher to have an indepth study on the effectiveness of CSR activities by the eligible banks.

Though CSR has been practiced in most of the Organizations, there is not much information on to what extent that is being carried out. The corporate social Responsibility is also mandatorily and they have to at least spend 2% of its average net profit made during the three immediately preceding financial years on CSR still there is question of to what extent this has been implemented.

This study is mainly focus on the actual theoretical framework of CSR activities happening in the select banks. This also would form the research base for the future research to study the wealth maximization of companies through their CSR activities. The study also works on understanding whether restructuring of corporate strategies happen as per the CSR efforts put up and the impact of CSR efforts and its relevance with competitive advantage of the organizations towards sustainability.

**I. INTRODUCTION**

Even though in the last seven years India has seen fair and impressive growth in various sectors thus, CSR has a long way to travel. The onset of globalization and liberalization of the Indian economy over that of the last two decades has resulted in the shift of the corporate goals from socio-economic focus towards increasing shareholders value to the welfare of various stakeholders. A detailed analysis of Indian CSR along with its relevance within the business arena leaves us with some important points to discuss. Thus, it is the requirement of today to judge this excited relationship in the Indian context with association to socially responsible initiatives.

The banking sector is considered as the backbone of an economy. Apart from the basic banking services banks are nowadays also involved in the social services which are termed as Corporate Social responsibilities.

The Public and Private Banks have their own priority sectors for spending the CSR amount such as healthcare, disaster relief, financial literacy, education and vocational skills and many more are there.

Though CSR has been practiced in most of the Banks, there is not much information on to what extent that is being carried out. Even though, clause 135 schedule VII of Company Bill 2013, makes the organizations that are registered under the companies law or any previous laws (Section 1) of (Section-135) having net worth of rupees 500 crore or more or Turnover of rupees 1000 crore or more or Net profit of rupees 5 crore or more during any financial year to adopt the corporate social responsibility mandatorily and they have to at least spend 2% of its average net profit made during the three immediately preceding financial years on CSR still there is question of to what extent this has been implemented.

**II. OBJECTIVES OF THE STUDY**

- To examine the CSR activities carried out by the selected Banks.
- To categorize those activities
- To analyse the CSR activities are followed as per the schedule VII of the Companies Act, 2013.
- To evaluate the Corporate Social Responsibility (CSR) of Indian public and private sector Banks.

**III. CAROLLS'S PYRAMID OF CORPORATE SOCIAL RESPONSIBILITY**

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.”

**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.



Studied the following Banks of CSR activities for this Paper

**Fig.1 Carroll's pyramid of CSR**

**Table 1: Banks whose CSR activities are studied classified based on the type of Banks**

| SL.NO | NAME OF THE BANK    | TYPE OF THE BANK    |
|-------|---------------------|---------------------|
| 1     | State Bank of India | Public Sector Bank  |
| 2     | Canara Bank         | Public Sector Bank  |
| 3     | ICICI Bank          | Private Sector Bank |
| 4     | HDFC Bank           | Private Sector Bank |

Source: Computed from secondary data

**IV. MAJOR CSR ACTIVITIES IN INDIA**

Banks are carrying out many activities as a part of CSR. These activities can be classified using the Carroll's Pyramid based on their nature and Included in Companies Act 2013 clause VII.

**The major CSR activities by Indian banks are taken in the following areas:**

- Health
- Education
- Community Development
- Environment
- Rural Development

**V. A. HEALTH**

Health Services should improve in India especially in villages where lack of adequate basic health services. Banks as a part of CSR should provide health services through medical camps. Activities that are carried out under health include conducting Blood Banks, Providing Hospitals, Donating Ambulance and Mobile Clinics.

**Table 2: Classification of activities carried out by Banks in the area of health**

| Name of the Bank    | Medical Camps | Blood Banks | Providing Hospitals | Donating Ambulance | Mobile Clinics |
|---------------------|---------------|-------------|---------------------|--------------------|----------------|
| State bank of India | ✓             | ✓           | ✓                   | ✓                  |                |
| Canara Bank         | ✓             | ✓           | ✓                   |                    | ✓              |
| ICICI Bank          | ✓             | ✓           |                     |                    |                |
| HDFC Bank           | ✓             |             |                     |                    |                |
| <b>Total</b>        | <b>4</b>      | <b>4</b>    | <b>2</b>            | <b>1</b>           | <b>1</b>       |

Source: Computed from secondary data

Among the selected Banks taken for study, all of them focus in the area of health where they carry out activities like organizing camps, running community hospitals, providing mobile health vans, etc. All four Banks are organizing medical camps and Donating Blood Banks. Two out of Four Banks Providing Hospitals and Only State Bank of India Donating Ambulance and Only Canara Bank Providing Mobile Clinics.

Overall, the spending towards health sector under CSR in the FY 2016-2017, 2017-2018 and 2018-2019 by SBI is 56.00 Crore, 10.16 Crore and 5.017 Crore respectively, by Canara Bank is 2.74 Crore, 1.59 Crore and 0.91 Crore respectively, by HDFC Bank is 23.56 Crore, 15.90 Crore and 17.34 Crore and by ICICI Bank is 3.60 Crore in 2016-2017 and 0.9 Crore in 2018-2019. This data clearly shows that SBI spent more amount for health sector.

**V. B. EDUCATION**

Education programs are aimed to bring positive impacts on the lives of the children by making them realize the importance of education and also to provide educational assistance. CSR activities under education include scholarship programs, school infrastructure improvement, midday meals, free education, providing infrastructure for different abled children's, vocational trainings etc.

**Table 3: Classification of activities carried out by Banks in the area of Education**

| Name of the Bank    | Scholarships | Infrastructure | Infrastructure for | Mid-Day meals | Vocational |
|---------------------|--------------|----------------|--------------------|---------------|------------|
| State bank of India | ✓            | ✓              | ✓                  | ✓             |            |
| Canara Bank         | ✓            | ✓              | ✓                  |               | ✓          |
| ICICI Bank          | ✓            | ✓              |                    |               |            |
| HDFC Bank           | ✓            | ✓              |                    |               |            |
| <b>Total</b>        | <b>4</b>     | <b>4</b>       | <b>2</b>           | <b>1</b>      | <b>1</b>   |

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|                     |          |          | differently abled children's |          | Trainings |
|---------------------|----------|----------|------------------------------|----------|-----------|
| State bank of India | ✓        | ✓        | ✓                            | ✓        |           |
| Canara Bank         | ✓        | ✓        | ✓                            |          | ✓         |
| ICICI Bank          | ✓        | ✓        | ✓                            |          | ✓         |
| HDFC Bank           | ✓        | ✓        | ✓                            | ✓        | ✓         |
| <b>Total</b>        | <b>4</b> | <b>4</b> | <b>4</b>                     | <b>2</b> | <b>3</b>  |

Source: Computed from secondary data

Infrastructure to the School is the major activity that has been carried out by majority of the Banks in the area of education followed by running scholarship and providing infrastructure for school and different abled children. HDFC Bank carries out the maximum number of activities in the field of education compared to the other Banks studied. Only State Bank of India and HDFC Bank providing Mid-Day meals. Almost three Banks are giving vocational trainings except State Bank of India.

Overall, the spending towards education sector under CSR in the FY 2016-2017, 2017-2018 and 2018-2019 by SBI is 19.50 Crore, 9.03 Crore and 10.87 Crore respectively, by Canara Bank is 5.56 Crore, 4.91 Crore and 3.99 Crore respectively, by HDFC Bank is 25.48 Crore, 41.29 Crore and 48.52 Crore and by ICICI Bank is 0.93 Crore in 2016-2017 and 1.10 Crore in 2018-2019. This data shows HDFC Bank spent more amount for education sector improvement.

**V. C. COMMUNITY DEVELOPMENT**

Philanthropic activities carried out by Banks that help in improving the quality life of the people such as, research and development skill development, and better infrastructure, Fund for sports activity These CSR activities are implemented in the locality where the banks operate.

**Table 4: Classification of activities carried out by Banks in the area of Community development**

| Name of the Bank    | Fund for Sports Activities | Research and Development | Infrastructure | Skill Development |
|---------------------|----------------------------|--------------------------|----------------|-------------------|
| State bank of India | ✓                          | ✓                        | ✓              | ✓                 |
| Canara Bank         | ✓                          |                          | ✓              | ✓                 |
| ICICI Bank          |                            |                          | ✓              | ✓                 |
| HDFC Bank           |                            |                          | ✓              | ✓                 |
| <b>Total</b>        | <b>2</b>                   | <b>1</b>                 | <b>4</b>       | <b>4</b>          |

Source: Computed from secondary data

Activities such as fund for sports activities, research and development, helping in improving infrastructure and skill development are the major activities classified under community development. State bank of India carry out four out of four activities under community development and Canara bank carries out the maximum of three out of four activities, which is the maximum when compared to the other banks. They help to community to improving their infrastructure by setting up portable water systems, bio gas plants, community centres', and provide street lights and electricity along with low-cost housing.

Overall, the spending towards community development sector under CSR in the FY 2016-2017, 2017-2018 and 2018-2019 by SBI is 44.66 Crore, 47.55 Crore and 68.71 Crore respectively, by Canara Bank is 5.07 Crore (2017-2018), 27.56 Crore (2018-19), by HDFC Bank is 30.41 Crore, 17.31 Crore and 24.45 Crore and by ICICI Bank is 5.95 Crore in 2016-2017 and 8.88 Crore in 2018-2019. This data shows SBI spent more amount for community development.

**V. D. ENVIRONMENT**

Rapid rise in Industrialization has seen overexploitation of

natural resources. Banks use large amount of natural resources for which in return they have to contribute to Environmental conservation. To name a few, environment conservation program includes Swachh Bharat, funds for natural calamities, solar power generation, etc.

**Table 5: Classification of activities carried out by Banks in the area of Environment**

| Name of the Bank    | Solar Energy Plants | Energy Conservation | Swachh Bharat abhiyan | Funds for Natural calamities |
|---------------------|---------------------|---------------------|-----------------------|------------------------------|
| State bank of India | ✓                   | ✓                   | ✓                     | ✓                            |
| Canara Bank         | ✓                   | ✓                   | ✓                     | ✓                            |
| ICICI Bank          | ✓                   |                     |                       |                              |
| HDFC Bank           | ✓                   | ✓                   | ✓                     | ✓                            |
| <b>Total</b>        | <b>4</b>            | <b>3</b>            | <b>3</b>              | <b>3</b>                     |

Source: Computed from secondary data

Environment activities include solar plants, energy conservation, Swachh Bharat abhiyan, measures to reduce carbon foot printing, using wind energy, solar energy, thus making use of the renewable energy sources. Among the four banks, State Bank of India and HDFC bank carry out four out of four activities under environment. All the four banks involve themselves in solar energy plantation in different places.

Overall, the spending towards environment sector under CSR in the FY 2016-2017, 2017-2018 and 2018-2019 by SBI is 6.94 Crore, 5.63 Crore and 6.67 Crore respectively, by Canara Bank is 14.96 Crore, 23.80 Crore and 5.24 Crore respectively, by HDFC Bank is 1.01 Crore, 0.73 Crore and 0.72 Crore and by ICICI Bank is 3.61 Crore in 2016-2017 and 0.50 Crore in 2018-2019. This data shows that Canara Bank spent more amount for environment sector.

**V. E. RURAL DEVELOPMENT**

Rural development is important not only for the majority of the population residing in rural areas, but also for the overall economic expansion of the nation. Rural development is considered to be of noticeable importance in the country today than in the olden days in the process of the evolution of the nation. So, Banks also conduct so many CSR activities for rural development like providing good drinking water, Training for self-employment in rural areas, conduct so many women empowerment programmes, and providing health service for rural areas etc.

**Table 5: Classification of activities carried out by Banks in the area of Rural development**

| Name of the Bank    | Drinking water | Health services | Training for self-employment | Programmes for women Empowerment |
|---------------------|----------------|-----------------|------------------------------|----------------------------------|
| State bank of India | ✓              | ✓               | ✓                            | ✓                                |
| Canara Bank         | ✓              | ✓               | ✓                            | ✓                                |
| ICICI Bank          | ✓              | ✓               | ✓                            | ✓                                |
| HDFC Bank           | ✓              | ✓               | ✓                            | ✓                                |
| <b>Total</b>        | <b>4</b>       | <b>4</b>        | <b>4</b>                     | <b>4</b>                         |

Source: Computed from secondary data

Rural Development activities include providing drinking water facility, health services, training for self-employment, and women empowerment programmes. All 4 banks spend their CSR amount in Rural Development equally.

Overall, the spending towards rural development sector under CSR in the FY 2016-2017, 2017-2018 and 2018-2019 by SBI is 44.66 Crore, 56.48 Crore and 68.71 Crore respectively, by Canara Bank is 26.78 Crore, 22.80 Crore and 52.23 Crore respectively, by HDFC Bank is 22.05 Crore, 29.58 Crore and 33.95 Crore and by ICICI Bank is 13.00 Crore, 104.00 Crore

and 0.77 Crore respectively. This data shows that HDFC Bank spent more amount for rural development.

The net profit and total CSR expenditure in numbers & percentage of selected public and private sector banks for three consecutive financial years are indicated as in the below tables.

**Table 6: Banks net profit and total CSR expenditure and its percentage for FY 2016-17 (Values in crore)**

| Banks       | Net Profit | Total CSR Expenditure | % of CSR Expenditure |
|-------------|------------|-----------------------|----------------------|
| SBI         | 10484.00   | 109.82                | 1.05%                |
| Canara Bank | 1121.00    | 32.60                 | 2.85%                |
| ICICI Bank  | 9986.00    | 182.00                | 1.82%                |
| HDFC Bank   | 15200.00   | 305.42                | 2.00%                |

Source: Annual Report

**Table 7: Banks net profit and total CSR expenditure and its percentage for FY 2017-18 (values in crore).**

| Banks       | Net Profit | Total CSR Expenditure | % of CSR Expenditure |
|-------------|------------|-----------------------|----------------------|
| SBI         | 6587.00    | 112.96                | 1.71%                |
| Canara Bank | 4222.23    | 28.50                 | 0.68%                |
| ICICI Bank  | 8510.00    | 170.00                | 2.00%                |
| HDFC Bank   | 9341.14    | 186.82                | 1.43%                |

Source: Annual Report

**Table 8: Banks net profit and total CSR expenditure and its percentage for FY 2018-19 (values in crore).**

| Banks       | Net Profit | Total CSR Expenditure | % of CSR Expenditure |
|-------------|------------|-----------------------|----------------------|
| SBI         | 862.00     | 27.47                 | 3.90%                |
| Canara Bank | 347.02     | 23.62                 | 6.60%                |
| ICICI Bank  | 5948.00    | 118.96                | 1.55%                |
| HDFC Bank   | 21960.00   | 443.80                | 2.01%                |

Source: Annual Report

The above table 6, 7 & 8 shows the amount spent by the public and private sector banks in percentage towards CSR activities from their net profit for the financial year 2016-17, 2017-18 & 2018-19 respectively. This helps in recognising the spending profile (% of CSR Expenditure) of the banks. It clearly shows that the public sector banks are contributing more towards CSR activities than private sector banks despite lower profits compared to them.

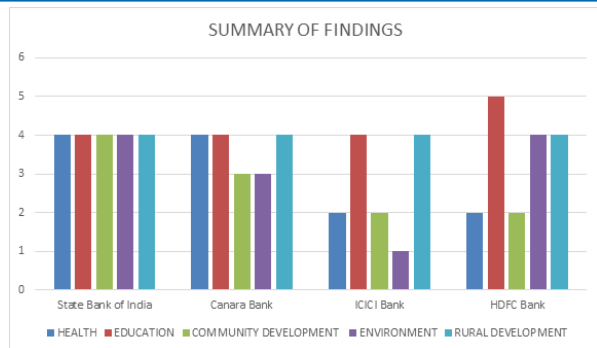
**VI. SUMMARY OF FINDINGS**

The following table summarizes each Banks activities under the five major areas and their total.

| Name of the Bank    | Health    | Education | Community Development | Environment | Rural Development | Total     |
|---------------------|-----------|-----------|-----------------------|-------------|-------------------|-----------|
| State bank of India | 4         | 4         | 4                     | 4           | 4                 | 20        |
| Canara Bank         | 4         | 4         | 3                     | 4           | 4                 | 19        |
| ICICI Bank          | 2         | 4         | 2                     | 1           | 4                 | 13        |
| HDFC Bank           | 2         | 5         | 2                     | 4           | 4                 | 17        |
| <b>Total</b>        | <b>12</b> | <b>17</b> | <b>11</b>             | <b>13</b>   | <b>16</b>         | <b>69</b> |

Source: Computed from secondary data

The above table shows that the four selected Banks all together perform 69 CSR activities under different areas. Out of the 4 Banks State Bank of India implements the maximum CSR activities followed by Canara Bank, HDFC Bank and ICICI Bank. State Bank of India tops in the areas of Health, Community Development, Environment, and Rural Development followed by HDFC Bank in Education. Compare to other areas the CSR spending on Rural Development from all the Banks is appreciable.



### VII. CONCLUSION

CSR activities of the selected four Banks are categorized in five major areas as Health, Education, Community development and Environment and Rural Development. It is found that all the Banks giving importance to implement many activities in the area of Education and the least preference is given to the areas concerning community development. It is suggested that Banks can implement more activities in the area of community development where they can help in improving the locality in which they operate. Compare to private sector banks the overall CSR spending activities are more in public sector banks despite lower profits compared to them.

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