

A STUDY ON CSR ACTIVITIES OF SELECTED BANKS OF INDIA

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Abstract

Global attention to and regulation of CSR (Corporate Social Responsibility) initiatives has exploded in recent years. In 1960, the concept of corporate social responsibility (CSR) originated as an attempt to bridge the gap between corporations and their surrounding communities. CSR, or corporate social responsibility, describes the efforts made by businesses to improve the communities in which they operate. It's the idea that businesses should care about more than just making money and expanding their reach; they should also consider the long-term effects of their actions on the communities in which they operate and the natural environment at large. In India, CSR has its origins in the Companies Act of 2013. A strong commitment to corporate social responsibility is essential in a rising nation like India. India's service economy benefits from the banking sector's ability to pool deposits and lend that money out to other sectors. Public banks are not mandated by law to contribute to a fund for corporate social responsibility programmes, but they are encouraged to do so in order to demonstrate their commitment to social responsibility. It's inspiring to observe the positive impact that CSR funding has had on Indian institutions. This study evaluates the corporate social responsibility (CSR) initiatives of many publicly and privately held Indian banks.

Keywords: Banks, CSR, Company Act 2013, Social Responsibility

INTRODUCTION

The term "Social Responsibility of Business" refers to a company's duty to contribute to the betterment of society. It's the voluntary actions taken by a company beyond what is required by law for the greater good of society. Responsibility is defined in the dictionary as a responsibility, obligation, or reliability. Therefore, businesses have moral responsibilities to the community, which are emphasised in Responsibility of Business. Sustainable Responsible Business (SRB) or Corporate Social Performance (CSP) is another name for Corporate Social Responsibility (CSR), which is a form of Corporate Self-Regulation built into a company's operations. Responsibility to all constituencies, including stockholders, workers, suppliers, creditors, the public sector, and the local community, is at the heart of the concept of "Corporate Social Responsibility." Corporate social responsibility (CSR) is the practise of maximising a company's profit while also addressing environmental and social concerns in a way that benefits society as a whole. The Financial System, which includes Financial Institutions, Financial Markets, and Financial Instruments, is currently crucial to the expansion and improvement of the Indian economy. Today's banking industry is more robust than ever, and it's investing in areas like health care, women's empowerment, education, rural advancement, and community and social services. The banking industry is being pushed by non-governmental organisations (NGOs) to increase its CSR efforts in the interest of their stakeholders. CSR, or corporate social responsibility, is an idea that developed out of the principles of good corporate governance and honest business practises.

Non-banking activities such as blood donation camps, health camps, participation in local festivals, adult literacy, tree planting, holding bodhshalas, training to women entrepreneurs, financing to women entrepreneurs, providing lunch to students in schools and colleges, etc., are examples of CSR's primary focus on disadvantaged members of society. There was a broadening of the bank's operations, therefore it was categorised as community service banking. The bank has adopted community service banking as one of its primary means of fulfilling its CSR obligations and demonstrating its commitment to being a good corporate citizen. In the modern era of Social Welfare and Community Development, many nationalised banks in India have established their own unique brand identities in the realm of Corporate Social Responsibility (CSR), with initiatives spanning the health sector, the empowerment of women in the workplace, the education sector, rural advancement, social welfare, and more. Corporate Social Responsibility has gained widespread acceptance as a response to rising public anxiety about issues related to sustainable development, such as pollution prevention, environmental impact, and resource management (CSR). Implementing CSR concepts into daily corporate operations is crucial for societal progress and growth. Several international initiatives, such as the United Nations Environment Programme's Finance Initiative and the Global Reporting Initiative on Financial Institutions, are currently under way to ensure the widespread implementation of CSR principles within the financial sector's daily operations. These efforts have helped the industrialised world become more socially responsible. However, there is a dearth of well-targeted responses to the current need in developing countries. Because the banking industry is crucial to India's

progress, this research aims to prove that CSR initiatives in the country's financial institutions indeed stimulate economic development.

"EVOLUTION OF CORPORATE SOCIAL RESPONSIBILITY"

There has been a gradual shift in the approach taken by Indian corporations toward philanthropy, which is what the term "evolution of Corporate Social Responsibility" refers to. Corporate Social Responsibility (CSR) refers to the method in which corporations are run to have a net beneficial influence on the communities, cultures, societies, and environments in which they operate. CSR's bedrock principle is that businesses, in addition to governments, have a duty to take action to improve society. Thus, businesses need to address the difficulties and concerns that are, to some extent, handled by governments. India has one of the oldest histories of corporate social responsibility. Many multinational corporations (MNCs) have little to no cultural or emotional ties to India, hence CSR efforts are often ignored or merely done in name. CSR in India has yet to acquire widespread recognition, despite the fact that much has been done in recent years to raise awareness among Indian entrepreneurs of the need of social responsibility as an aspect of their corporate activity. For this to happen, corporations' CSR strategies should mirror their approaches to more traditional forms of business, with companies establishing specific goals, exploring possible investments, and publishing open data on their progress toward these goals.

LITERATURE REVIEW

Riyaz Ahmed Bhat's (2018) research on "Corporate Social Responsibility Initiatives by Indian Banks" places special emphasis on CSR initiatives undertaken by financial institutions. He claimed that the rise in community activists and the formation of pressure groups to get more resources for their preferred social group is behind the rise in corporate social responsibility (CSR) initiatives among banks. Following the implementation of the judicial mechanism by the Government of India's Ministry of Corporate Affairs via Section 135 of the Indian Companies Act (2013), all influential people in the population, including bureaucrats, politicians, social activists, and community leaders, have found an easy way to improve their public image by influencing the corporate spending of banks as part of their CSR responsibilities. As a result, many financial institutions lack a comprehensive CSR policy that would assure the correct and scientific application of CSR money for maximum public good. Each bank's board, per Section 134, Subsection 3 of the ICA, must make public the membership of the CSR committee and the committee's responsibility to develop the bank's CSR policy. Some banks have developed clear policies for how CSR money should be used in response to this directive, but in others, especially public sector banks, the rules are regularly circumvented to satisfy the needs of politically powerful interest groups. The need for a regulated and open system to spend CSR money becomes more pressing in such a setting.

The "Study of CSR Spent in Indian Banking Sector" by Prabhavathi K. and Dr. G.P. Dinesh (2017) sheds light on the fact that the Indian banking sector is well-organized and regulated, and that India's economy and financial status are far more advanced than those of any other country. Because of globalisation, banking and financial institutions around the world now have similar trading practises. Recent years have seen a rise in the number of Indian banks establishing their own names in the realm of Corporate Social Responsibility (CSR) through charitable giving and community service. Health, ending hunger and poverty, education, empowering women, environmental sustainability, training, national heritage, disaster and relief management, etc. are just few of the many areas where public and private sector banks put their CSR funds. Corporate social responsibility is the only focus of section 135 of the Company Act of 2013. (CSR). For the purposes of this article, 41 publicly-traded financial institutions were chosen for analysis. This paper focuses on the actual spending on CSR by the banking industry in the fiscal years 2012-13 and 2015-16, as well as the most important elements of the Company's Act' 2013. A secondary goal of the research is to identify the discrepancy between the CSR budgets of publicly traded financial institutions.

Nidhi (2016) has spoken up on her thoughts on "Corporate Social Responsibility in the Indian Banking Industry: The Study on Efforts of HDFC Bank." According to the results, all Indian financial institutions are now concerned with Corporate Social Responsibility. The focus of this research is on HDFC Bank, a major player in the private banking market, and its analysis is supplemented by a presentation of the varying approaches taken by other financial institutions. According to her research, Indian banks are increasingly prioritising CSR initiatives in areas such as health, education, sanitation, women's empowerment, the environment, rural development, community welfare, etc. In conclusion, here are three suggested actions for better CSR procedures: The first is to increase the rate at which the government participates in CSR initiatives. Second, growth of a sizable market for CSR activity consulting and Finally, it is believed that Media's increased interest in CSR Activities will contribute to Society's Development.

"The Corporate Social Responsibility and Financial Performance Debate," by Andrew Kent Nunn (2015), has been illuminated. He claims that CSR has been around for almost 60 years, but that it is still a vague and difficult term

to measure. The concept of corporate social responsibility (CSR) has come a long way from its 1950s value-based beginnings, when it was first introduced. To a large extent, it was the suggestion of this connection that propelled CSR into the forefront of academic inquiry among corporate leaders. It is unfortunate that many conflicting empirical conclusions result from various studies. Within the context of this study, he addressed the question, "Why is there such contradiction in the findings of CSR research?" An analysis of the relevant literature reveals that the problem is not just with the reliability of the evaluation tools being used, but also with the CSR frameworks themselves. Corporate social responsibility has the potential to be a game-changer for the future of business and a win-win for corporations and society at large. The priorities of business and society will be same after a suitable framework has been constructed and valid empirical information has been amassed.

The "Impact of Corporate Social Responsibility Initiatives of the Indian Banking Sector," researched by Vijay. P. & Divya. N. (2014). The study's overarching goal is to document the pre- and post-implementation impacts of the CSR concept on commercial banks in India, as well as to demonstrate the level of customer satisfaction that exists between the two groups. There were 135 respondents total, with males making up 67% of the sample and females 33%. Thirty-six percent of respondents fall into the 40-to-49-year-old bracket. A person's level of education is a more significant factor in determining how they make decisions. In the survey, 42% of participants reported having completed the Intermediate level, whereas 45% of participants reported having completed graduate-level work. Most respondents (59%) have a spouse. The vast majority (37.8%) of the sample consists of workers in the private sector. The majority of respondents (78.2%) work in the private sector. Even though teachers, students, and stay-at-home moms make up 11.2%, 9.7%, and 13.5% of the population, respectively. According to the results, excellent CSR practises in the Indian banking sector have been successfully raising customer and stockholder satisfaction. Increases in deposits, loans, assets, and nonperforming loans can be attributed to the introduction of a good CSR idea inside the Indian banking sector.

As Nitin Kumar (2014) investigated, "Corporate Social Responsibility: An Analysis of Impact and Challenges in India," the country's difficulties in implementing CSR initiatives were also examined. The study set out to do just that by looking at the state of CSR in India and the problems that CSR initiatives there had to deal with. Businesses have become increasingly committed to social responsibility in recent years. Businesses have begun to take CSR seriously and make some initial moves in that direction. There is evidence that corporate social responsibility (CSR) influences business, communities, and institutions of higher learning. In spite of the challenges, the many sustainability efforts are making a difference. A company's CSR policy should act as an internal, self-regulating system to guarantee that it follows all applicable laws, ethical guidelines, and international standards. It was also determined that raising public understanding of CSR is crucial to the success of CSR initiatives. This initiative will inspire other businesses to follow suit and leverage their unique CSR practises to help a wide range of people in India with issues including education, healthcare, women's empowerment, and rural development. Given the sheer size of the problem, it will take a concerted effort on the part of businesses, non-governmental organisations (NGOs), and the government to accelerate social development in India. As the CSR regime in India is only getting started, there will inevitably be bumps along the way and plenty of room for improvement until we find the sweet spot.

RESEARCH OBJECTIVES

1. To identify Indian banks' CSR practises
2. To evaluate and compare Indian banks' spending behaviour of CSR funding

SOURCES OF DATA

This work draws its analysis on secondary sources, such as bank websites and academic research papers published in journals and conference proceedings. Using publicly available data, such as annual reports, private and public banks' CSR actions are analysed and compared.

SAMPLE SIZE

For the purpose of this study, the top three private banks and the top three state banks in terms of CSR contributions have been selected.

PRIVATE BANKS

1. HDFC BANK
2. ICICI BANK
3. KOTAK MAHINDRA BANK LIMITED

PUBLIC BANKS

1. STATE BANK OF INDIA

2. BANK OF BARODA
3. CANARA BANK

PERIOD OF THE STUDY

In this study, an examination of the most recent two years' worth of data was carried out. In this particular study, both the 2019-20 and 2020-21 data were analysed.

DATA ANALYSIS

	2022-23	2021-22	2020-21	2019-20
BANK OF BARODA	316.76	204.10	144.88	8.62
STATE BANK OF INDIA	13.50	8.29	6.90	4.33
CANARA BANK	47.51	25.48	24.71	20.50
HDFC BANK	820.89	736.01	634.91	535.31
ICICI BANK	407.84	266.62	200.50	134.35
KOTAK MAHINDRA BANK	187.40	162.00	79.40	74.62

State Bank of India (SBI):

State Bank of India has showcased a commendable commitment to CSR, with a significant increase in expenditure from 8.62 in 2019-20 to 316.76 in 2022-23. This remarkable surge indicates a strategic shift towards more extensive social and environmental initiatives. The average CSR expenditure for SBI stands at 168.59, underlining a consistent dedication to corporate social responsibility. SBI's substantial contributions in recent years demonstrate its leadership role in aligning business operations with sustainable development goals.

Bank of Baroda:

Bank of Baroda, while having a lower CSR expenditure compared to some peers, has been consistent in its upward trajectory. The bank's CSR values have increased from 4.33 in 2019-20 to 13.50 in 2022-23, indicating a steady commitment to social responsibility. The average CSR expenditure for Bank of Baroda is 8.26, reflecting a moderate but consistent engagement in CSR activities. Continued efforts in this direction can further enhance the bank's impact on societal and environmental issues.

Canara Bank:

Canara Bank has shown a positive trend in CSR expenditure, reflecting a growing emphasis on societal well-being. The bank's CSR values have steadily risen from 20.50 in 2019-20 to 47.51 in 2022-23. With an average CSR expenditure of 29.55, Canara Bank exhibits a moderate yet increasing commitment to corporate social responsibility. This trajectory suggests a strategic alignment with sustainable development goals and an acknowledgment of the role banks play in fostering positive social change.

HDFC Bank:

HDFC Bank emerges as a leader in CSR expenditure among the selected banks. The bank has consistently increased its CSR values, reaching an impressive 820.89 in 2022-23 from 535.31 in 2019-20. With an average CSR expenditure of 681.78, HDFC Bank demonstrates a robust and sustained commitment to social and environmental causes. This underscores the bank's proactive role in contributing to community development, education, and environmental sustainability.

ICICI Bank:

ICICI Bank has displayed a positive trend in CSR expenditure, reflecting a growing awareness of its social and environmental responsibilities. The bank's CSR values have increased from 134.35 in 2019-20 to 407.84 in 2022-23. ICICI Bank's average CSR expenditure of 252.33 positions it as a major contributor to social causes, emphasizing the integration of sustainability into its business practices.

Kotak Mahindra Bank:

Kotak Mahindra Bank has seen a substantial increase in CSR expenditure, peaking at 187.40 in 2022-23 from 74.62 in 2019-20. With an average CSR expenditure of 125.86, the bank demonstrates a notable commitment to corporate social responsibility. The upward trajectory in CSR values underscores Kotak Mahindra Bank's dedication to making a positive impact on society, aligning with the broader global trend of businesses prioritizing sustainability.

Comparative Analysis:

HDFC Bank stands out with the highest average CSR expenditure, reflecting a strong and consistent commitment to social responsibility. SBI also demonstrates a noteworthy commitment, with a substantial increase in CSR expenditure over the years. ICICI Bank, Canara Bank, and Kotak Mahindra Bank show positive trends, highlighting their efforts in aligning business practices with social and environmental goals. Bank of Baroda,

while having a lower absolute CSR expenditure, showcases a consistent upward trajectory, indicating a growing commitment to CSR initiatives. This comparative analysis highlights the diverse CSR strategies adopted by these banks, each contributing to varying extents towards sustainable development and societal well-being.

ANOVA TESTING

Anova: Single Factor

SUMMARY

Groups	Count	Sum	Average	Variance
STATE BANK OF INDIA	4	674.36	168.59	16455.96
BANK OF BARODA	4	33.02	8.255	14.91763
CANARA BANK	4	118.2	29.55	148.1515
HDFC BANK	4	2727.12	681.78	15314.25
ICICI BANK	4	1009.31	252.3275	13664.4
KOTAK MAHINDRA BANK	4	503.42	125.855	3292.447

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	1225679	5	245135.7	30.08408	3.85623E-08	2.772853
Within Groups	146670.4	18	8148.353			
Total	1372349	23				

H₀ = There is no significant difference in CSR spent between selected banks of India.

H₁ = There is significant difference in CSR spent between selected banks of India.

INTERPRETATION

From above table for 5 and 18 degree of freedom

F_{cal} is 30.08 and F_{tab} is 2.77

Thus, F_{cal} < F_{tab} and p-value is 3.85623E-08 which is less than specified α of 0.05

So, null hypothesis is rejected and it is concluded that there is significant difference in CSR spent between selected banks of India.

CONCLUSION

In summary, the in-depth analysis of Corporate Social Responsibility (CSR) expenditure among selected banks in India over the past four years reveals distinctive trends and levels of commitment to societal and environmental causes. State Bank of India (SBI) emerges as a leader with a consistent and substantial increase in CSR expenditure, reflecting a strong commitment to social responsibility, evident in its notable average CSR expenditure of 168.59. Bank of Baroda, though with a lower absolute CSR expenditure, showcases a commendable upward trajectory, indicating a growing and consistent engagement with CSR initiatives, reflected in its average CSR expenditure of 8.26. Canara Bank exhibits a positive trend in CSR expenditure, emphasizing a moderate yet increasing commitment to corporate social responsibility, with an average CSR expenditure of 29.55. HDFC Bank stands out prominently with the highest absolute CSR expenditure, reflecting not only a substantial financial commitment but also a sustained dedication to social and environmental causes, evident in its impressive average CSR expenditure of 681.78. ICICI Bank demonstrates a positive trend in CSR values, positioning itself as a significant contributor to sustainable development, with an average CSR expenditure of 252.33. Kotak Mahindra Bank showcases a substantial increase in CSR expenditure, emphasizing a notable commitment to corporate social responsibility, as indicated by its average CSR expenditure of 125.86. Collectively, the comparative analysis underscores the diverse CSR strategies adopted by these banks, with each making varying contributions to sustainable development. The overarching trend indicates a positive shift within the banking sector towards responsible and sustainable business practices, with a heightened focus on societal well-being and environmental stewardship. Looking ahead, the evolving CSR strategies of these banks will play a pivotal role in addressing emerging global challenges and fostering positive impacts on society and the environment.

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