

## **Corporate Social Responsibility: Contribution of the Banking Industry to the Social Cause**

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### **Abstract**

*New paradigms of doing business with an eye on social responsibility are evolving as the world is facing economic scandals, social problems and environmental disasters. CSR therefore is not only drawing the corporate magnet into its parameter, but is also attracting educationalists, social activists, skill developers and reformists. All the corporate companies big or small are investing part of their profits to social cause that would bring about development and improvements in the society and contribute to the livelihood component. At the same time there are several business organizations committed towards the CSR for only enhancing their corporate image and to attract more investors. This paper aims to study the CSR activities as practised by the banking industry in India. The paper discusses which CSR activities the banks are engaged in, thereby bringing a sustainable positive change in the community and the environment.*

**Key words:** Corporate Social Responsibility, Banks, Social upliftment.

### **Introduction: Overview of the Corporate Social Responsibility in the Banking Industry**

The financial and economic condition of India is superior to any other country in the world. The banking sector in the country is

efficiently capitalised and well-regulated. The contribution of banking sector in Indian GDP is about 7.7% of the overall GDP of the country. As of now, there are 26 public sector banks, 20 private sector banks, 43 foreign banks, 56 regional rural banks, 1589 urban co operative banks and 93550 rural cooperative banks in the country.

It is rightly held that CSR is a form of obligation towards the society. Firms operating in an area should utilize its resources in various ways so that society can benefit from active participation of the community at a large and the firms. Corporate social responsibility has become a very burning topic in today's date, private as well as public sector companies and organizations are contributing towards CSR and are bound by laws, rules and regulations of several governing bodies in the country they are operating. When a company starts business in any locations, they are bound to consider several factors apart from their own business profitability. Shareholders are not the only one that need to be satisfied, the other stakeholders too needs to be taken care of, the company needs to make sure that they stay in the business for a longer period of time and in order to do that, they need to take care of the basic needs and the requirements of the locals for the development of society, employment generation and so on.

Banking industry is like any other industry which has direct or indirect impact on the society. Therefore, the regulatory body of banks in India had made it mandatory to spend some parts of their profit for the society, and eradicate social issues. Likewise, the Companies Act, 2013 mandates banks having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year to spend 2% of their net profit in preceding three financial years on areas such as children welfare, community welfare, education, environment, healthcare, poverty eradication, vocational training, women empowerment, protection to girl child etc.

## **METHODOLOGY**

In order to undertake this study, secondary data has been used. Various websites, research papers and articles of Indian as well as foreign authors on the present subject matter have been referred and considered. Websites of various banks have been closely referred so as to gather data on their contribution in the social sector i.e. Corporate Social Responsibility.

## **DISCUSSION**

### **State Bank of India**

The concept of CSR was introduced in the State Bank of India as early as 1973, under the name Innovative Banking. This concept covered both banking and non-banking activities of the bank. The major focus areas of SBI can be broadly classified into 3 major groups viz. Social Responsibility, Environmental Responsibility and Economic Responsibility. State Bank of India is committed towards enhancing stakeholder's value, economic and wellbeing of the society thereby giving more emphasis on the less fortunate and underprivileged sectors of the society and also minimize the direct and indirect impacts of its operations on the environment. Social activities carried out by the bank are as follows.

### ***Youth for India***

SBI's 'Youth for India' is an unique Indian Rural Fellowship program that is initiated, funded and managed by the bank. Ever since its inception on 1<sup>st</sup> March 2011, it has been functioning with three reputed NGOs with an objective of decreasing the urban-rural gap by voluntary involvement of urban educated youth in several rural development projects. Under this program, every year young professionals from IITs, IIMs, NIFT etc. are selected who join hands with the rural communities and provide them knowledge about basic hygiene,

educating, in rural school etc. One project under YFI named project Udaan aimed at providing basic infrastructure for establishing a performing arts studio and hold workshop and trainings. This initiative provided platform for amateur dancers, musician, actors and students to explore and learn.

### ***Vanita Arogya Sampada***

In its constant endeavour to empower Indian women, State Bank of India organised a community outreach program under the “Vanita Arogya Sampada” title, under which the banks conducted over 100 free health check up cum awareness camps for women across the nation. These camps organised by SBI focused on curative, corrective and preventive healthcare for the underprivileged women. Along with the basic healthcare check up, depending upon the necessity, women are given consultancy by doctors in their future course of action and treatments.

### ***Rural Self Development Training Institute (RSETIs)***

SBI has setup up 116 RSETIs across the country which mitigates the unemployment and underemployment problems among the rural youth of the country. The main purpose of these institutes is to impart quality training in the areas of personality and skill development for the youth of the rural areas completely free of cost. Approximately 14097 programs are conducted already and around 7500 youths across the 116 RSETIs are trained every year. This vocational training received by the rural youth provides them with opportunities of self employment.

### ***Beti Padhao Kendras***

Due to multiple factors, even today, there are girls in the rural areas that are deprived of many basic requirements, among which, one very important thing being education. There are several factors such as socio-cultural aspects, distance of the

government schools and several other reasons, which leads to no or less education of the girl child in the rural areas when compared with their male counter parts. In order to address this issue, SBI in association with an NGO started as many as 200 kendras spread across 5 states “Beti Padhao Kendra”. These are aimed at imparting basic education to girl children in the rural areas, basically aimed at providing education to those girls who are unable to attend school due to various factors.

### **Punjab National Bank**

The Punjab National Bank is committed to operate in an economically, socially and environmentally sustainable manner, while taking care of the interest of the stakeholders such as the investors, customers and employees etc. The bank is committed towards building vibrant community in which ever part of the globe the bank is present through various ways such as sustainability, corporate volunteering, social investments, green initiatives, promotion of sports etc. the major initiatives of the banks are PNV VIKAS, PNB Ladli, PNB Asha Kiran and PNB Farmmers’ Welfare Trust.

### ***PNB VIKAS – Village Adoption Scheme***

As a part of the Corporate Social Responsibility activities of the bank, the bank adopts villages in a holistic manner. As of now the bank has adopted 167 villages nationwide out of which 78 villages are in the lead district and the other 89 are in non lead districts which are spread across various circles across the country. When villages are adopted by the banks, the overall responsibilities like human, economic development and other infrastructural development which comprises of sanitation, drinking water supply, education, electricity, health etc. are taken care by the banks in co-ordination with the other stakeholders.

### ***PNB Ladli***

In order to support girl education in the rural and semi urban areas of the country, the bank this program pan India in August 2014. And through the adopted villages across the various circles, educational support of Rs. 2500 is given to 10 needy girl students in each identified and adopted village.

### ***PNB Asha Kiran***

Through this scheme of the PNB, the bank aims to accelerate the speed of the women empowerment development in the rural areas of the country. Under this scheme, 1000 rural women are identified nationwide and are nurtured till their economic development. The salient feature of the PNB Asha Kiran are free health check up camps for women, providing financial literacy guidance, bring all the beneficiaries women under one umbrella of Prime Minister's Jan Dhan Yojana. Providing support and promoting formation of Self Help Group (SHG), the bank also provides training for self employment, financial assistance in form of loans.

### ***PNB Farmers' Welfare Trust (PNBFWT)***

This trust was established in the year 2000 with an intention of capacity building and welfare of the farmers, women and the rural youth. At present there are 10 PNBFTCs currently operating in 9 different states which takes care of the development of the famer family completely. The FTCs on behalf of the PNBFWT provide free of cost training or residential training to farmers, women and the youth along with providing free transportation to farmers for reaching the FTCs. Various training programs such as cutting, tailoring, computer courses, embroidery, agricultural and allied activities are imparted for the villagers depending upon their interest. At the same time, check up camps separately for human and animals are also arranged by the FTCs. Under PNBFWT, the adopted village development is also done by the FTCs,

developmental activities such as construction of public conveniences, class-room for schools, village library, dispensary, playgrounds, providing fans, water purifier, and water coolers to schools are undertaken.

### **AXIS Bank**

In order to carry out the Corporate Social Responsibility initiatives of the AXIS bank, the AXIS Bank Foundation (ABF) was setup as a Public Trust in the year 2006. The foundation has partnered with several NGOs across the country in order to provide equitable education to underprivileged individuals in the country. There are certain programs of the foundation that aims at alleviating poverty and providing livelihood options for economically weak households. Apart from these activities, the foundation also encourages the employees of the banks to get involved and become socially responsible citizens by activities such as blood donation.

### ***Watershed Management and Agriculture Productivity***

This initiative was undertaken by the Axis Bank Foundation (ABF) with an intention of providing help and support to small-scale farmers and women. This initiative helps in building capacity and training small-scale farmers and women on various techniques for improving irrigation check dams, rainwater harvesting, soil conservation etc. Offering and supporting the farmers with local and better-quality seeds and encouraging them to apply organic methods to farming. The initiative also intends to create market linkage by forming co operatives and eliminating the middle man and also improving livestock maintenance based on the natural ability of fodder in the region.

### ***Livelihood for the Disabled***

Among the total number of disabled population, only 2% of the persons are educated and barely 1% is employed. Therefore

ABF helps people with disabilities to get better livelihood opportunities by market linked trainings and jobs in the organized sector. It also therefore enables employers to understand that employing under-privileged and PwDs is not merely ethically but also is morally correct and at the same time it is a sound business practice too.

### ***Education***

ABF is committed towards promotion of education in the country since 2006, and it focuses on primary and secondary education, special education for children with disabilities and vocational skills for children. The Foundation's also support Anganwadis and government schools in improving the quality of primary education throughout the nation. The number of beneficiaries in primary and secondary education till date is 51,162. And total numbers of beneficiaries in education sector are 1.5lakh.

### **HDFC Bank**

HDFC bank is committed towards identifying and supporting various programs that aim at developing and advancing the community and in particular the underprivileged sector of the society, and at the same time reducing negative impact of its operations on the environment. Some of the activities initiated by the banks are discussed below.

### ***Sustainable Livelihood Initiative (SLI) Program***

Ever since the inception of the SLI program in the year 2010, the bank has shown commitment towards society, and has worked toward the sustainability and welfare of the society at large. Till date, approximately 6.8 million households, spread across 385 districts in the country have been covered by the program. The program is targeted at ensuring individual and economic development. The main objective of the SLI program is to offer viable and timely credit, thereby minimizing



borrowing of funds from unwanted sources, which enables economic development. Under this program, skill building exercises are conducted in order to empower and liberate women entrepreneurs.

### ***Holistic Rural Development Programme (HRDP)***

HRDP is a flagship program of the bank under its CSR initiative which aims at improving the economic and the social conditions of the village where the banks operates. The bank is working in over 500 villages spread across 14 states in the country under this program. The main focus area of the programs is promoting education, skill training and livelihood creation, natural resource management, healthcare and hygiene and financial literacy and inclusion.

### ***Zero Investment Innovation for Educational Initiatives (ZIIIEI)***

The bank's educational program aims at providing basic infrastructural support, scholarships and career guidance to the students at the same time enabling the teachers training and learning improvements. Through the ZIIIEI program, the bank has reached out to over 5.5lakhs school teachers across the nation. This program is being jointly executed with the help of leading NGOs of the respective state.

### ***Educational Crisis Scholarship Support (ECSS)***

This program was launched with an objective of supporting and empowering those students who belong to economically and socially disadvantaged group of the society. This program aims to provide financial support to students of disadvantaged group of society for their education. The bank therefore provides assistance to students of recognised private and government schools in the age group of 13-21 years.

## **ICICI Bank**

The bank is committed towards proactively supporting the socio-economic development of the nation. ICICI foundation which was established in the year 2008 with a view to expand the ICICI group's activity in the area of CSR aims at identifying the critical areas of development that require investment and intervention which can help in the development and prosperity of the nation.

### ***School and Teacher Education Reform Programme (STERP)***

ICICI foundation has entered 6 years collaborative partnership with the government of Rajasthan and Chhattisgarh which aims at delivering child-centric learning environment in government schools. Under this program, the foundation works on improving the classroom learning, offering support for development of teachers and strengthening community participation in school management and development.

### ***ICICI Academy for Skills***

ICICI Academy is a national level skill development initiative launched by the ICICI foundation in the year 2013 which aims to align the demands for a skilled and employable workforce with the youth's aspirations for sustainable livelihood. It provides free-of-cost vocational training of 12 weeks to youths from weaker section aged between 18-30 years and having minimum educational qualification of class 8. The academy offer training in 13 technical and office oriented skills with the help of the knowledge partners. It also help in facilitating the employment of the trained youths by having tie up with the industry partners.

### ***Apna Clinic***

It is a pilot project which was initiated with an aim of promoting general health care and wellbeing among the long-

route truckers in Pune. In this clinic, apart from clinical services, yoga and other wellness activities are also conducted and those truckers suffering from chronic problems are referred to doctors and hospitals where they receive advanced treatments.

### ***Rural Self Employment Training Institutes (RSETIs)***

As a part of the national program initiated by the Ministry of Rural Development, ICICI RSETIs provide training to rural underprivileged youth in order to equip them with skills they need to build sustainable livelihood. Under this, youths aged between 18-35years are given training in 33 different trades which includes plumbing, pump set repair, jute handicrafts etc. RSETIs not only promote self employment but also help in placement assistance of the youths through partnership with leading employers and industry associations.

## **CONCLUSION**

The above discussion presents and inference of the CSR activities being performed by different banks operating in the country. It is apparent that the banking sector is quite responsible as far as their contribution to society is concerned. All these banks contribute towards the wellbeing of society in their own unique ways.

It is observed that the core areas of CSR of banking sectors are education, healthcare, sanitation and financial inclusion. The banking industries are carrying out their CSR obligations for the community at large from the annual profits earned. In a country like ours, there are several areas which need attention such as primary education, healthcare etc. and these are well understood by the banking sector.

In the area of education, emphasis is given mostly on the primary education and education of the girl child. They serve the society by providing educational facilities, improving the

infrastructure of schools for the underprivileged and deprived population. The banking sector also gives equal emphasis to the skill development training and efficiency of the youth so that these youth can be on their own thereby earning their own livelihood and supporting family.

Hence it may be well observed that the banking industries are in their constant endeavour to make India a better place, well developed and contribute to a large extent, to serve the society at a speedy pace.

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