

# Impact of CSR on Indian Banking Sector

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**Abstract:** *Corporate Social Responsibility has gained enormous significance in the recent times. CSR practicing by the Indian banks helps in their strategic decision making. This paper explains the CSR practices of Indian banks and found that banks are doing excellent job in the field of CSR. An attempt has been made in this paper to list some CSR practices by Indian public sector banks and private sector banks like HDFC bank, AXIS bank, State Bank of India, IDBI bank. These following banks are directly involved in CSR activities like education, Health and Hygiene, Rural development, MSME growth, Women and Children welfare etc. These findings are the result of researcher's observation and empirical efforts in these banks. This paper shows that these banks applying efforts to implement CSR activities but are limited to some extent because they mainly cover health, education, women empowerment, health. This paper suggests the other possible areas in which the bank can add value with expanding the CSR activities to more socio-economic and development field across different sectors and level of population.*

**Keywords:** CSR, Indian Banks, Health, Rural Development, Education, Women Empowerment

## 1. Introduction

India is the first country in the world to make CSR mandatory, amending the companies act 2013. CSR is the commitment of corporate or businesses to behave ethically and to contribute to the society economically, financially and at environmental level. CSR practices now a days gaining enormous rise across the world and in our country. The reason that most of the Indian banks are highly engaged in CSR activities that it helps in improving brand image and helps in advertisements. CSR practices by Indian banks aims to provide financial solution to all rural areas of country. These activities also help in socio-economic developments like poverty, education, health care, rural development.

Banks uses CSR as a form of impression management that helps to shape the public perception and to maintain the organizational legitimacy.

RBI also encourages Indian banks to promote CSR activities in different fields that will help the backward community of the society like awareness about education, hygiene and also helps in eradication of poverty.

### Objective of the Study

There are a lot of researchers who have researched on CSR practices of Indian banks. This study analyses the status of CSR practices or initiatives of Indian banks like HDFC bank, AXIS bank, State Bank of India, IDBI bank.

The main objective of this study is:

- To collect information about the CSR practices of Indian banks (HDFC bank, AXIS bank, State Bank of India, IDBI bank).
- To find that whether the following Indian public sector banks and private sector banks are helping the society as a whole or the practices followed by them are limited.
- To find that the CSR practices by Indian banks are reaching the maximum people of need and backward community of the country.

## 2. Literature Review

According to the researchers throughout the world, CSR has been a major area and focus of research for many years. The study of CSR attracts researchers from India because this

topic is very much diverse and socially oriented. CSR is a voluntary activity by the business aimed at the welfare of the society (Barnett 2005). The exact definition of CSR is not given anywhere but is greatly beneficial for the banking sector in India public sector banks as well as private sector banks (Mc Williams 2003). The banks are taking lot of CSR initiatives to build their image and also win hearts of customers and employees. It is suggested that in the present economic situation, CSR is the most suitable solution for joining the ethical and moral principles in the Indian banking sector (Attila Turi et.2014). Thus, no wonder that today the bank's CSR activities affected the lives of lakhs of the banking community of the country.

In the context of SBI same is true as several researchers have brought to light. Rana Ashutosh Kumar Singh DMD & CDO (SBI) says "SBI is the country's most trusted bank since more than 200 years, we believe that is the accountability of the bank to contribute towards the betterment of the society".

In a comparative study conducted by a group of researchers several useful revelations have been reported. Singh et al (2013) worked on CSR practices in public sector banks and private sector banks. They selected SBI from public sector bank and HDFC bank from private sector banks and observed that all the banks in the public sector as well as private sector banks are practicing CSR at some level but they never disclose the amount spent on CSR. These researchers suggested that RBI to fix the amount that must be spent by the public sector banks or private sector banks in the field of CSR so that the CSR plans and activities may be more effective in their impact.

### Research Methodology

In this paper, we have taken sample of four Indian banks (public sector banks as well as private sector banks) like: HDFC bank.  
AXIS bank.  
State Bank of India.

### IDBI bank

We analyzed the CSR practices of all these Indian banks and focused on the areas where these banks are doing the excellent job and the areas where these banks need to be more active and innovative.

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We have taken HDFC bank, AXIS bank, IDBI bank from the private sector banks and State Bank of India from public sector banks. We have covered topic like poverty eradication, women and children welfare, rural development, education etc.

For the year 2020

Name of The Bank	Type of Sector	Number of Branches	Total Revenue Amount INR (CR)	Total Value of Assets Amount INR (CR)
State Bank of India	public	22, 141	2, 96, 329	3, 951, 393
HDFC bank	private	5416	1, 47, 068	1, 580, 830
AXIS bank	private	4528	80, 057	927, 871
IDBI bank	private	1892	25, 371	36, 200

### HDFC Bank

HDFC bank is India's leading private sector bank and world's 10<sup>th</sup> largest bank by market value as of April 2021. HDFC bank is helping to transform lives of millions of Indians through its social initiatives. These initiatives come under the HDFC's "Parivartan" and they focus to contribute towards the economic and social development of the country by empowering its communities.

"Parivartan" is acting as incitation in making a difference in the lives of people through its initiatives in the areas of Rural development, Education, Skill development and livelihood enhancement, Healthcare and Hygiene and financial education.

Some of the initiatives of HDFC bank:

- 1) ZERO INVESTMENT EDUCATION INITIATIVE (ZIEI)-It is an action-oriented initiative that aims to enhance the education system at free of cost or minimum cost. Parivartan is its main sponsor, ZIEI is the world's largest people driven innovation movement at ground level.
- 2) SKILL DEVELOPMENT AND LIVELIHOOD ENHANCEMENT-Under this initiative, Parivartan gives support to various projects that are focused on competency-based skill-driven training and placements, capacity building, promoting financial education, credit as well as enhancing skills for agricultural practices.
- 3) PROMOTION OF EDUCATION-HDFC's bank education initiatives are structured to promote learning by creating an effective learning environment at schools. Under Parivartan's pillar of education, the main focus is on the training of the teachers, improving school infrastructures. It also introduced smart classrooms across the country.
- 4) HEALTHCARE AND HYGIENE-Under Healthcare and Hygiene, the key focus is on championing the 'Swatch Bharat Abhiyan' through awareness and building new toilets across the country. The bank also organized regular health camps and generates awareness about nutrition, providing clean drinking water, conducting blood donation camps. The bank also recognized by Guinness world record for conducting the largest blood donation drive and collected highest unit of blood in a single day.
- 5) PAYROLL GIVING PROGRAMMES FOR EMPLOYEES-Under this initiative, HDFC bank

employees are given the opportunity to donate a part of their salaries every month to a worthy cause. HDFC bank matches their contribution and the total amount is annually donated to a charity of employee's choice

Much before CSR contribution made compulsory by companies' act, 2013, HDFC bank was contributing a handsome amount on CSR activities. The CSR spent was Rs 443.8 crore during year ending 31 March 2019.

### AXIS Bank

AXIS bank is second leading bank of India following the HDFC bank. The bank runs a foundation for CSR activities known as AXIS BANK FOUNDATION (ABF).

The programme outcomes are also dedicated to achieve some of the sustainable development goal set by United Nations in 2015. The goals are: No Poverty, Zero Hunger, Quality Education, Gender Equality, Reducing Inequalities, Climate Action. These goals set by the UN are the main focus of Axis Bank Foundation (ABF).

The broad CSR projects, which are undertaken/supported by the Axis bank as part of its CSR focus area are as follows:

- 1) POVERTY ALLEVIATION AND STEPS TO REDUCE INEQUALITIES – Creating sustainable livelihood is a great theme that is pursued to contribute to poverty alleviation and integrated development in some of the poorest districts of the country.
- 2) FINANCIAL EDUCATION-The bank is promoting the cause of financial education to reduce inequalities in society towards the backward classes. This can be done through different government schemes and initiatives that government introduces often. The bank may also provide access to the government schemes and initiatives through banking channels.
- 3) EDUCATION AND SKILL DEVELOPMENT-Under this initiative, bank will run programme for career counselling support and coaching for the life time skill.
- 4) SKILL AND TALENT PROGRAMME FOR CHILDREN AND STUDENT-Under this initiative, the bank will enhance the skills and talent of the students through talent competition, scholarship programmes, etc. This initiative will help to groom the student's talent and skills.
- 5) MSME SECTOR GROWTH-Under this initiative, bank will provide support to MSME sector through training and enhancing knowledge that leads to enhancement of their capabilities as well as their potential.
- 6) ARMED FORCE VETERANS-Bank has also feels some responsibility towards the armed forces and the war widows. So, the bank decided to support measures for the benefits of war widows, and their dependents.

### State Bank of India

State Bank of India is one of the oldest and trusted banks of India. It is one of public sector banks. This bank is deeply involved in the CSR activities since 1973. The main focus of this bank is to make meaningful impact on the lives of the physically, mentally and economically challenged people in the country.

The bank's profit is 862 crores in financial year 2019 and 1% of that has been sanctioned by the bank as CSR fund for financial year 2020.

SBI feels that being the part of the country and one of the trusted bank of the country, it is their responsibility to contribute to the society as much as possible. Some of the initiatives of the State Bank of India are:

**SBI'S COVID-19 RELIEF CONTRIBUTION**-During covid times, the SBI staff members collectively 188 crores to 'PM CARES FUND', the SBI bank also sanctioned 30 crores for covid related CSR activities. SBI bank also donated 21000 PPE kits to government hospitals. At starting stage of covid, bank decided to spend 0.25% of annual profit to fight covid situation in India.

During vaccination process, SBI contributed RS 11 crores to 'PM CARES FUND'. In 2021, the bank also donated 1 crore to Mumbai Police Foundation to show support to covid warriors. The SBI bank is one of those banks that contributed heavily in covid crises in India.

**PROJECT ECHO BY SBI FOUNDATION**-SBI have the partnership with ECHO India for the training and guidance of the healthcare providers across the different states in the country. The main target of this initiative is to provide better services to vulnerable and high-risk communities during the pandemic period. This initiative was taken to balance the shortage of healthcare providers during the pandemic period.

**INDIA HEALTH ALLIANCE**-SBI made a collaboration with the Government of India and launched India Health Alliance (IHA). This initiative is taken to support and provide the helping hand to the Government of India in healthcare challenges and to combat current challenges like covid pandemic, vaccination programmes, etc.

**SBI GRAM SEVA PROGRAMME**-It is a development initiative taken by the SBI bank focused to bring a socio-economic change by adopting villages in rural areas and making villages self-reliable. The main objectives of this programmes are:

- To use the government schemes to provide the benefits to individual by different activities.
- Making-awareness among the rural community for online banking and provide the training to the rural people to access the information online.

Improving the infrastructure in the rural areas across the country.

**PROJECT SAMEIP**-This initiative of SBI bank is focused to enable career pathways for 300 underserved youth

disabilities in the digital BFSI sector in India by setting up five cities; Mumbai, Delhi, Bengaluru, Hyderabad, and Chennai. This initiative is directly controlled and implemented by the American Indian Foundation Trust (AIFT).

### **IDBI Bank**

IDBI bank is one of the private sector banks. IDBI bank's objective of CSR is to make the visible, long-lasting, and materialistic difference to the lives of the backward classes of the society by identifying loop holes and providing needs-based contribution for their settlement.

IDBI bank focuses on areas of government guidelines and the schedule 7 of companies' act, 2013.

IDBI allocates a fund for CSR activities for every year which is 2% of the net profit of that financial year. IDBI launched many CSR projects across the country but the two main initiatives are as follows:

**IDBI-NEDFI PROJECT** – North Eastern Development Finance Corporation is engaged in various developmental projects in north eastern region. IDBI bank collaborated with NEDFI to build a common facility center for Baguremba Weaving Development Trust. It is a tribal group of women. This initiative is taken to enhance the production of handloom products and other activities in Chatra village, Nalbari district, Assam.

The project helped women by providing the sustainable life and entrepreneurship skills. This initiative also helped women to socially integrate and making them financial stable and independent.

**IDBI-LADAKH PROJECT**-IDBI bank collaborated with Tata Institute of Social Science (TISS) and Ladakh Autonomous Hill Development Council (LAHDC), to reconstruct the livelihood and lives of a small village called Taru in Leh, which was flooded in 2010. The initiative was taken to convert the village in to a "model village" based on unique community participation and ownership model.

The project has been a game changer CSR initiative not only for IDBI bank but also for the village from a flooded area to a model village. The model village of Taru has been also captured in documentary 'TARU ZAMEEN PAR. "

**PROTECTION OF NATIONAL HERITAGE AND ART & CULTURE OF INDIA** – IDBI bank has taken an initiative to protect the national heritage and art and culture of the country. Under this initiative, the bank will reconstruct and renovate the heritage buildings and also promote the traditional arts and handcrafts.

### 3. Findings

Bank Name	Education	Health	Women Empowerment	Medical	Sustainable Development	Save Ecosystem	Employment	Infrastructure Building	Agriculture and Allied
HDFC bank.	No	Yes	Yes	No	No	No	Yes	Yes	No
AXIS bank.	Yes	No	No	No	Yes	No	Yes	Yes	No
State Bank of India.	No	Yes	No	Yes	Yes	No	Yes	No	No
IDBI bank	No	No	Yes	No	Yes	Yes	Yes	Yes	No

### 4. Suggestions

From the above research and findings, we can conclude that the CSR practices performed by the Indian banks are limited to some fields. All Indian banks are lacking in some fields. For example, HDFC bank needs to increase their CSR activities towards the environment and education more because they are lacking as compared to other fields. AXIS bank can improve their CSR practices in women empowerment, health and medical. State Bank of India is doing great in the field of health and medical but they need to improve their CSR practices in field of agriculture. IDBI bank can improve their CSR activities in the field of education, health and agriculture as they are limited in these fields.

### 5. Conclusion

Bank always plays a vital role in improving the financial condition and literacy of the country. This research paper gives the general idea of the CSR practices performed by the Indian banks (public sector banks as well as private sector banks). This paper shows that Indian banks are contributing to the society and trying to improve the condition of the backward communities of the country. From the research paper, it can be concluded that Indian banks are performing well in the field of CSR activities. The main focus of the sample banks are Rural development, Improving Education, Skill Development and Training, MSME growth, Spreading awareness about the use of online banking, etc. This paper also shows that these banks allocate some percentage of their net profit for CSR activities. It is also observed that the public sector banks are highly involved in the CSR activities like we have seen that the State Bank of India did in covid crisis. State Bank of India contributed 21000 PPE kits to hospitals etc. Private sector banks are still lagging in some fields of CSR activities. Most of the private sector banks perform CSR practices as a marketing tool. From the above research paper, we can say that CSR activities of these banks are limited to some areas. These practices should be across all areas of development. The bank should identify and perform CSR practices in different fields of need.

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