

A COMPARISON OF CSR PRACTICES OF SELECTED INDIAN AND FOREIGN BANKS

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ABSTRACT

The Companies Act, 2013, which was passed in India, formalised corporate social responsibility (CSR). In a developing nation like India, corporate social responsibility is crucial. Companies that participate in CSR typically have a stronger impact on the neighbourhood. When CSR is practised, both the public's opinion of a company and its standing in the marketplace are enhanced. By taking deposits and disbursing money to other industries and people, banking institutions in India's service sector support the national economy. Public banks are free to donate to a fund for CSR initiatives even if it is not required by law for them to do so. It is intriguing to see how Indian banks use CSR funds wisely. Exploring a few Indian domestic and foreign banks' CSR practices. In this article researcher has been selected top 3 foreign banks working in India, 3 private banks and the top 3 public banks contributing to CSR.

Keywords: CSR, Private Bank, Public Bank, Foreign Banks, Company Act 2013

INTRODUCTION

The acts of a firm that go above and beyond the responsibilities of the law in order to serve society as a whole are referred to as having a "social responsibility" and fall under this umbrella phrase. These kinds of actions belong under the category of "corporate social responsibility." A typical rule of thumb is that a company bears a moral commitment not only to its customers but also to the society in which it works. CSR, also known as Sustainable Responsible Business (SRB) or Corporate Social Performance, is a kind of corporate self-regulation that can be included into the business plan of a company. CSR is sometimes referred to as Corporate Social Performance (CSP). The process of industrialization and commercialization of the service sector have been beneficial to the development of a nation; nevertheless, this process is also to blame for the increasing levels of waste, as well as global warming, greenhouse gas emissions, and other environmental issues. The idea of corporate social responsibility (CSR) has garnered widespread acceptance in recent years as a direct result of an increase in public knowledge regarding issues of environmental sustainability, pollution avoidance, and resource management (CSR).

CSR PRACTICES IN INDIAN BANKING SECTOR

CSR is becoming increasingly significant in the business world, particularly in the banking industry. Financial institutions like banks and investment firms advocate for lending and investing strategies that have a smaller negative impact on the world around them. The Reserve Bank of India (2007) has also encouraged Indian banks to begin reporting on non-financial activities in environmental, social, and economic accounting through the implementation of CSR projects aimed at sustainable development. According to karmayog's CSR ranking methodology, the vast majority of Indian PSU banks don't report on their most current CSR initiatives in their annual reports or on their websites. Banks and other financial organisations are falling behind on CSR reporting.

In recent years, corporate social responsibility (CSR) programmes have risen in importance at many companies, especially financial institutions (CSR). The Reserve Bank of India (RBI) issued a circular to all scheduled commercial banks in India on December 20th, 2007 emphasising the role of banks in corporate social responsibility (CSR). Many financial organisations now prioritise customer satisfaction alongside corporate social responsibility. The Reserve Bank of India requires financial institutions to consider social and environmental issues in their day-to-day

operations. Corporate social responsibility (CSR) addresses many different problems, including those that affect children and communities, as well as the environment, health care, the reduction of poverty, rural development, education and training for the workforce, women's empowerment, and the safety of young girls.

LITERATURE REVIEW

To better understand what drives organisations to do good in the world, researchers Charles Blankson et al. (2018) looked at the CSR policies of the 500 largest firms listed on the National Stock Exchange of India. While corporate social responsibility (CSR) initiatives in India share some same goals with their Western counterparts, the responses from Indian firms are often quite different. Indian companies expect CSR projects to yield both financial and non-financial rewards (social good).

Researchers have analysed the effects of CSR on profits at 28 BSE-listed commercial banks (Shafat Maqbool et al, 2017). Financial results for Indian banks have been shown to improve as a result of corporate social responsibility initiatives. Our analysis of financial data from 2007-2016 shows that CSR significantly affects both bottom-line expansion and stock performance.

Between 2009 and 2012, a study examined the CSR initiatives of commercial banks. Some banks were found to be in violation of regulatory standards in the review. It has been established that public sector banks provide more funding for CSR projects than any other category of bank. The findings are based on the CSR activities that the banks voluntarily engaged in because the research was conducted before the Companies Act, 2013 mandated CSR.

The purpose of the study was to evaluate CSR's impact on India's financial services industry (Ruchi Gupta et al. 2015). Seven public sector banks and three private sector banks were found to have financial inclusion as a central aspect of their CSR in 2013-2014. Based on their findings, the researchers concluded that financial institutions prioritised social issues over environmental ones.

The purpose of this study was to investigate the views of workers and beneficiaries with regard to the issues they feel the bank should address first. Reference: (Nithin Venugopal et al. 2018) (Nithin Venugopal et al. 2018) The research analysed the amount of money spent on CSR by Indian commercial banks in the fiscal years 2014-15 and 2015-16. Indian financial institutions State Bank of India, Union Bank of India, Federal Bank, and HDFC Bank were among those chosen. It is clear from the data that Indian banks are attempting to take part in CSR projects, but that many of them are failing to meet the regulatory requirements. CSR's "Employment to differently-abled" project is highly valued by workers since it makes it easier for people with disabilities to find employment. Participants in the study agreed that "Promote Education, Child Welfare, Women Empowerment and Employment to Differently Aabled." should be CSR's primary objective.

Corporate social responsibility programmes at SBI and HDFC Bank were the subject of a study by a single academic (Upasana Thakur et al. 2016). The research shows that both financial institutions place a high priority on CSR initiatives. When compared to its market value, SBI's number of CSR projects is low. HDFC Bank also outperforms SBI when it comes to CSR rankings.

Muhammad Juman et al. conducted a content analysis of CSR initiatives within the banking industry (2016). The study included data from five different financial institutions: three public and two private. The study, which relied on the banks' annual reports, found that financial institutions are significantly less committed to CSR than other leading companies. According to the findings, despite the fact that social concerns and the environment have nothing in common, financial institutions give greater support to the former.

The author of this study (Kaur, 2016) aimed to discover the CSR activities of Indian banks (Sandeep Kaur 2016). Union Bank of India, Punjab National Bank, ICICI, and IDBI are considered with Axis Bank, IndusInd Bank, ICI, and HDFC, among others. Yes, both SIDBI and SIDBI. Though Indian banks have made progress in CSR, much more has to be done. Public sector banks allocate a comparatively larger portion of their resources into CSR activities than do private and international banks. According to the results of the survey, most banks and other

financial institutions employ CSR for advertising purposes.

Indian academics have been investigating the corporate social responsibility (CSR) programmes of Indian banks to see if they are in accordance with the triple bottom line (V. Carolin et al., 2015). Data analysis revealed that few companies really admit to employing all three indicators. As a result, the criteria used to assess CSR practises are distinct from those used to assess financial institutions.

The purpose of this research was to examine the corporate social responsibility practises of the leading Indian banks (Deepika Dhingra et al., 2014). Reporting financial organisations were found to have a wide range of CSR policies, although only a handful had codified CSR principles. From what was uncovered, it seems that the baking industry may use the triple bottom line strategy to demonstrate its social responsibility.

RESEARCH OBJECTIVES

1. To study the CSR practices of Indian banks
2. To compare CSR spending pattern of foreign and Indian banks

SOURCES OF DATA

Secondary sources such as scholarly journal articles and proceedings from academic conferences are mined for information. Information on CSR activities and comparisons between public and private banks are gleaned from publicly available data, such as annual reports.

SAMPLE SIZE

For study top 3 foreign banks working in India, 3 private banks and the top 3 public banks contributing to CSR has been selected.

PUBLIC BANKS	
1.	STATE BANK OF INDIA
2.	BANK OF BARODA
3.	CANARA BANK
PRIVATE BANKS	
1.	HDFC BANK
2.	ICICI BANK
3.	KOTAK MAHINDRA BANK LIMITED
FOREIGN BANKS	
1.	STANDARD CHARTERED BANK
2.	CITI BANK
3.	HSBC BANK

PERIOD OF THE STUDY

The most current two years' worth of data were examined in this particular investigation. This study looked at the statistical data from 2019-2020 and 2020-2021.

DATA ANALYSIS

Table 1 : CSR amount spent by selected public banks

	STATE BANK OF INDIA		BANK OF BARODA		CANARA BANK	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
CSR PRESCRIBED	144.88	8.62	6.90	4.33	26.56	26.83
CSR SPENT	144.88	8.62	6.90	4.33	24.71	20.50
Contribution to the prime minister's national relief fund or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;	20.28			0.63		
Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water, Clean Ganga Fund.	5.80	0.06				
Eradicating hunger, poverty, malnutrition, promoting healthcare, preventive health care, Swach Bharat Kosh, promotion of sanitation and making available safe drinking water.	44.91	0.84	0.35	0.15	4.25	3.47
Other Miscellaneous / CSR Overheads / Others not mentioned above	7.24	4.07	0.30	0.02		
Promoting education, special education, employment enhancing vocation skills, children & Women education, elderly and the differently abled and livelihood enhancement projects.	11.59	0.67	6.25	3.53	19.89	15.89
Promoting gender equality, empowering women, setting up homes & hostels for women &orphans; setting up old age homes, day care centres & such other facilities for senior citizens and measures for reducing inequalities faced by socially & economically backward groups.	1.45	0.13			0.48	0.46
Protection of national heritage, art and culture, restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts		2.82				
Rural Development Projects	43.46	0.03			0.09	0.67
Training rural sports, nationally recognised sports, paralympic sports and Olympic sports.	10.14					

INTERPRETATION

Given the results of table 1, it is feasible to infer that SBI will spend significantly more money on CSR funds in the fiscal year 2020–21 than it did in the year before, 2019–20. While Canara Bank only had a 20% increase in the amount of CSR fund money spent during the same time period, BOB saw a 59% increase in the amount of CSR fund money spent during the current financial year 2020-21 compared to the prior year. The Rural Development category received the most money from SBI for its CSR initiatives. When it comes to areas where CSR funds are spent, Bank of Baroda prioritises education the most, whereas Canara Bank prioritises skill development.

Table 2 : CSR amount spent by selected private banks

	HDFC BANK		ICICI BANK		KOTA MAHINDRA BANK LIMITED	
	200-21	2019-20	200-21	2019-20	200-21	2019-20
CSR PRESCRIBED	627.86	533.59	184.53	127.30	142.27	124.23
CSR SPENT	634.91	535.31	205.00	134.35	79.40	74.62
Contribution to the prime minister's national relief fund or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;	600		889	260		3002
Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water, Clean Ganga Fund.	737	025	1764	2500	157	
Eradicating hunger, poverty, malnutrition, promoting healthcare, preventive health care, Swach Bharat Kosh, promotion of sanitation and making available safe drinking water.	11022	4993	7315	2289	1846	4466
Other Miscellaneous / CSR Overheads / Others not mentioned above	833				248	
Promoting education, special education, employment enhancing vocation skills, children & Women education, elderly and the differently abled and livelihood enhancement projects.	10055	9890	5244	2741	4251	29011
Promoting gender equality, empowering women, setting up homes & hostels for women & orphans; setting up old age homes, day care centres & such other facilities for senior citizens and measures for reducing inequalities faced by socially & economically backward groups.						
Protection of national heritage, art and culture, restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts			017			
Rural Development Projects	40244	38622	4821	5305		
Training rural sports, nationally recognised sports, paralympic sports and Olympic sports.					1440	1093

INTERPRETATION

The data presented in table 2 leads one to the conclusion that ICICI bank would likely experience a rise of

approximately fifty percent in the amount of money spent from its CSR fund during the financial year 2020-21 compared to the previous year, 2019-20. When compared to the previous year, the amount of money spent from HDFC Bank's CSR fund increased by 18% during the financial year 2020-21. On the other hand, the amount of money spent from Kotak Mahindra Bank's CSR fund increased by just 6% during the same time period.

The Rural Development category came in first place as the area in which HDFC Bank spent the greatest amount of its CSR budget. Both ICICI Bank and Kotak Mahindra Bank prioritise education as a sector in which to invest their CSR funds, although ICICI Bank places a greater emphasis on rural development.

Table 3 : CSR amount spent by selected foreign banks

	STANDARD CHARTERED BANK		CITI BANK		HSBC BANK	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
CSR PR ES CR IBED	74.00	70.78	142.28	41.85	91.50	83.30
CSR SP ENT	74.00	63.47	137.46	30.56	91.50	83.30
CSR Act iviti es	Health (Preventive blindness), Water & Sanitation, Promoting Education, Promoting Entrepreneurship	Health (Preventive blindness), Water & Sanitation, Promoting Education, Promoting Entrepreneurship	Environment Sustainability, Serving Local Communities affected by Covid -19	Environment Sustainability, Serving Local Communities affected by Covid -19	Promoting Education, Environment Sustainability	Promoting Education, Environment Sustainability

INTERPRETATION

The accompanying graph showing the CSR budgets of global banks shows that, on average, HSBC Bank has allocated the most money to this crucial sector, closely followed by Citi Bank. The CSR budget for Citibank might rise by as much as 349.80% from present levels in 2020–21. International financial institutions highlight the main priority areas where they spend their CSR efforts rather than revealing how much money they have spent on CSR activities. Additionally, it has been revealed that foreign banks invested nearly the same sum of money in CSR activities over the previous two years. International financial organisations focus their CSR efforts primarily in areas such as sanitation, health, education, and the environment.

ANOVA TESTING

CSR spending comparison between selected public, private and foreign banks in India.

ANOVA: Single Factor
SUMMARY

Groups	Count	Sum	Average	Variance
PUBLIC BANKS	2	69.97853	34.98927	1136.739
PRIVATE BANKS	2	553.03	276.515	1615.582
FOREIGN BANKS	2	160.0967	80.04833	876.8276

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
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Between Groups	65976.1	2	32988.05	27.26925	0.011905	9.552094
Within Groups	3629.149	3	1209.716			
Total	69605.25	5				

H0 = There is no significant difference in CSR spending between selected public, private and foreign banks in India.

H1 = There is a significant difference in CSR spending between selected public, private and foreign banks in India.

INTERPRETATION

From above table for 2 and 3 degree of freedom

Fcal is 27.26 and Ftab is 9.55

Thus, Fcal > Ftab and p-value is smaller than specified α of 0.05

So, the null hypothesis is rejected and it is concluded that there is a significant difference in CSR spending between selected public, private and foreign banks in India.

CONCLUSION

These facts lead us to the conclusion that the two sector banks are launching CSR initiatives to create closer ties with their clientele. Private banks and other lenders care more about improving rural areas than their government-affiliated rivals do. Private banks have boosted their CSR commitments for the coming year, despite the fact that historically public sector banks have spent more. It has also been noted that private sector banks have spent more on CSR than the prescribed CSR amount as per the company act, 2013; this is because private banks are required to spend 2% of the average net profits made over the previous three financial years, while public banks can only spend 1% of the net profit of the previous year.

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