



Social Responsibilities Of Banks Towards Customers

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CHAPTER-1 INTRODUCTION

The beginning of 21st century in India has seen the term corporate social responsibility coming to the fore front of development of discussion. In recent times the corporate social responsibility is emerging as a significant feature of banks. It is reflecting the impact of business on society in the context of suitable development. The emerging perspective on corporate social responsibility focus on responsibility towards all stakeholder, shareholders, employees, creditors, suppliers, government and community but also refers to the act of making business successful through balanced voluntary approaches to environment and social issues in a way that is helpful to the society. The present day's economic growth and development in India mostly depends upon a well-knit financial system which comprises a set of sub system of financial institution, financial market, financial instruments. Both financial market and institution plays a crucial role in the financial system by rendering various financial services to the Indian community. Corporate social responsibility has been assuming greater importance in the corporate world including the banking sector. To highlight the role of banks in corporate social responsibility the Reserve Bank of India has circulated a notice on December 20 2007 for all the schedule commercial banks with the title of 'Corporate Social Responsibility'. They make a large contribution towards the country's gross domestic product growth to meet the demand of the growing middle class, contribute to infrastructure spending and to reach out the semi urban and rural areas. The Reserve Bank of India (2011) on stressing the need of corporate social responsibility, suggested the banks to pay special attention towards integration of social and environment concerns in their business operations to achieve sustainable development. Reserve Bank OF India has also pointed out to start non – financial reporting by the

banks which will cover the work done by banks towards the social, economic and environmental betterment of society.

Financial Inclusion- Public Banks vs. Private Banks

The analysis of data suggest that the Public Sector Banks have significant contribution of 89% in opening _no frill 'accounts, followed by Private sector banks up to almost 11% total Contribution till 2009 and foreign banks is negligible almost nearing 0% contribution Towards _no frill 'accounts. RBI has more control over Public Sector Banks as compared With Foreign Banks and which is getting reflected by the contribution towards financial Inclusion disparities within Indian Banking Sector too.

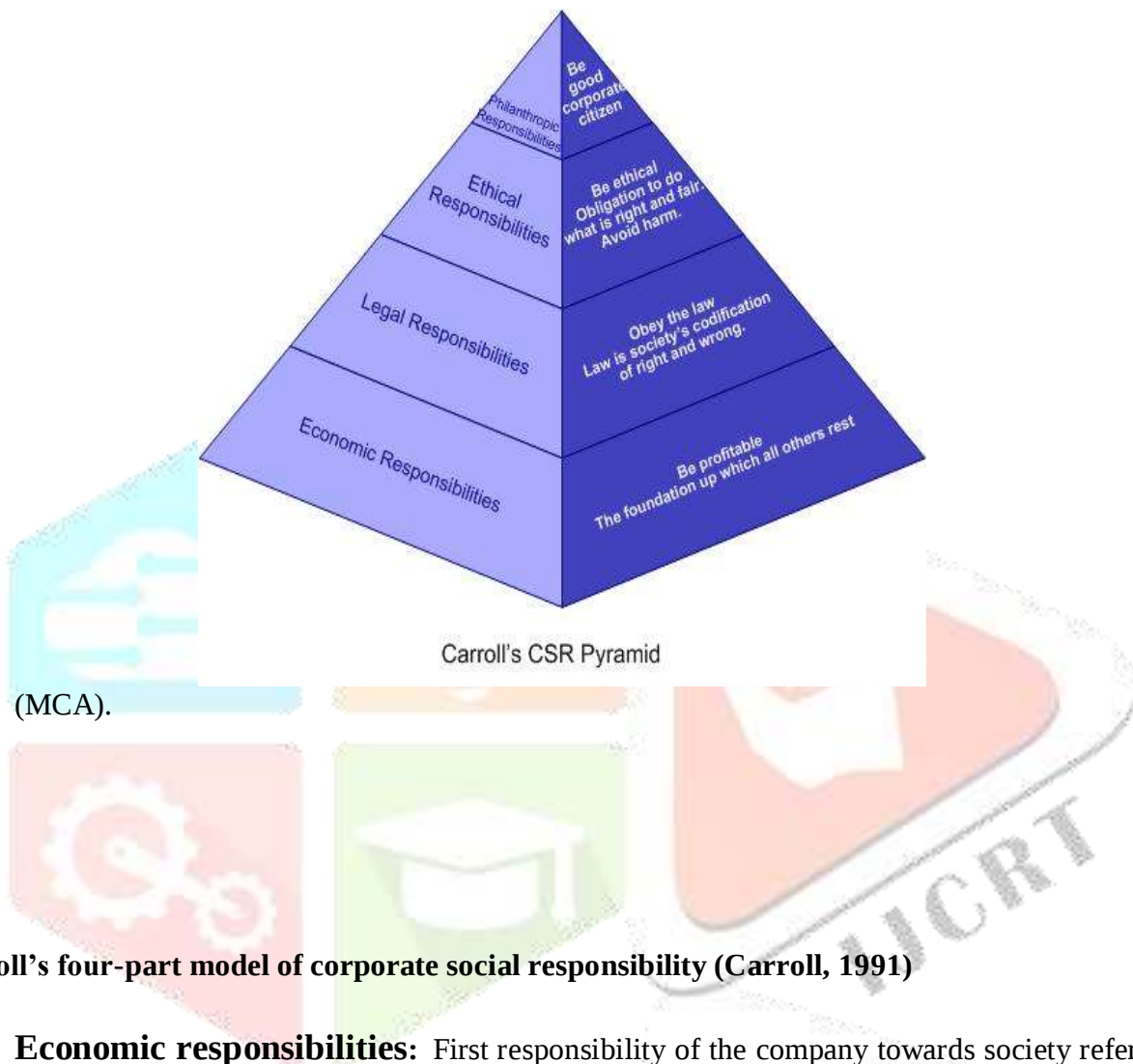
However, there is lot to achieve in terms of contribution towards financial inclusion by foreign and private banks as compared to public sector bank's contribution. **Indian**

Banking as a whole as a part of corporate social responsibility should take up issue of Opening No Frill Accounts seriously and makes deliberate efforts to achieve financial Inclusion. It not only will help Indian society to achieve social inclusion but also helps Monetization of Indian Economy and taking bank to unbanked. Also RBI has taken various Measures to implement financial inclusion more effectively and has recommended it Seriously by the private and foreign banks in India.

Corporate social responsibility is becoming a relevant subject in banking sector as well and it Appears repeatedly in the vast majority of academic and professional journals. Most of them Have dedicated a special concern to it, and an increasing number of articles have been published Concerning corporate social responsibility taken up by banks. Some of them consider it as a new Fashionable concept while some others consider it as a new management tool. There are number Of dilemma about the concept of corporate social responsibilities, especially in the developing Country like India, where such concepts need legal enforcement. However, a number of Indian banks have taken initiatives to implement the concept of corporate social responsibilities.

CSR UNDER LEGISLATIVE UMBRELLA-;

- Under the old companies act, 1956 there was no provision for CSR.
- However the CSR was introduced as Voluntary guidelines in 2009 by the ministry of corporate affairs



(MCA).

(Carroll's four-part model of corporate social responsibility (Carroll, 1991))

- **Economic responsibilities:** First responsibility of the company towards society refers to running the business as an economically healthy unit. It includes aspects such as return on investment for shareholders, fair employee salaries, and quality products supplied to customers at fair prices; all required by the society.
- **Legal responsibilities:** Demands that companies act in accordance with existing legislation and regulatory requirements. The legal framework consequentially fosters society's ethical view and all companies attempting to be socially responsible are therefore required by society to follow the law.
- **Ethical responsibilities:** It refers to corporation's responsibilities which are not covered by legal or economical requirements, but instead by what could be considered as right or fair in the eyes of society. Society therefore expects corporations to act ethically towards their stakeholders.
- **Philanthropic responsibilities:** This involves corporation's willingness to enhance the quality of living for their stakeholders (i.e. employees, local community, and society at large) through charitable

donations and organizational support. These corporate decisions are entirely voluntary, of less importance than the former three, and (with regards to social responsibility) only seen as desired by society

1.1.2-OBJECTIVES

- To find out the bank's corporate social responsibility, policy and goals.
- To find out the bank's corporate social responsibility policy and performance.
- To have a look on review the corporate social responsibility projects\initiatives from time to time.
- To find out legal and regulatory compliance from a corporate social responsibility viewpoint.
- To find out reporting and communication to stakeholders on the bank's corporate social responsibility projects\initiatives.

1.1.3-METHODOLOGY:

- The study is based on a survey conducted in Mumbai (Maharashtra).
- Only secondary data has been has collected.
- The theoretical foundation of the study is based on various secondary sources such as texts on Customer satisfaction, articles, research papers quality magazines, article features and published and non-published papers.
- The idea is to target prospective and young customers; in order to know customer perception about Emotional initiatives of their banks
- Statistical tools was used to analyse the data which includes the measure of percentage, frequency distribution etc.

1.1.4-Scope and Importance of the Study

- CSR initiatives in India are now taken by many companies. Although there is a plenty of literature and data available for most of other industries like FMCG, Retail, Telecom, Iron- Steel & Gas etc.
- There is a very little study done in the financial sector, especially the Indian banking industry, where the major challenge is to create more awareness towards Socially Responsible Investments.
- There are few banks doing work in the field of Environment, Health care, Education, Community welfare, Women's empowerment and Girl Child care.
- Banks like HDFC started a community welfare program as —Udaan where tips are given to rural people about various investment avenues
- This is just one example of many that would be observed in coming chapters and would form a case.
- The annual reports and websites of few banks are providing information about their CSR initiatives but many websites is found not updated regularly and few not having any disclosure norm or adoption of any CSR policy.
- The study would help analysing the current state of CSR initiatives by exact number of banks in India, their proper documentation and be an eye opener for other banks who have still not initiated CSR as part of their core business model.

1.1.5 Limitation of the study

It is easy to find and collect secondary data, however you need to be aware of the limitation of the data and the problems which arises. Following are the problems which have raised up.

- Secondary data can be general and vague and may not really help.
- The information and data may not be accurate. The source of the data must always be checked.
- The data maybe old and out of date.
- The sample size used to generate the secondary data may be small.
- The banks publishing the data may not be reputable

CHAPTER 2-REVIEW OF LITERATURE

This section provides review of the theoretical literature on CSR activities in Indian banking sectors. The choice of engaging in CSR activities by a firm depends upon the economic perspective of the firm. These are the firm which believe in maximizing shareholders value while there are firms which believe in maximizing profits. According to HOWARD BOWEN, “CSR refers to the obligation of the businessmen to pursue those policies to make those decisions or to follow those lines of relations which are desirable in the terms of objectives and values our society.” Corporate social responsibility (CSR) and orientation of banks can be useful tool for them to tide over such crises in future, if banks maintain relationship with their stakeholders in making their business more sustainability. Moreover than corporate social responsibility the other thing is a key stakeholder relationship activity. Corporate social responsibility is about the core behaviour of the companies and the responsibility for their total impact on the societies in which they operate. Recently corporate social responsibility has gained a lot of attention in the corporate world.

Corporate social responsibility is not an add-on nor an act of philanthropy. A socially responsible corporation is one that runs profitable business that takes into account of all the positive and negative environmental, social and economic effects which has its impact on society. Venu Srinivasan (2007) highlighted that Corporate Social Responsibility is more than philanthropy and must not mean “giving and receiving”. An effective CSR initiative must engage the less privileged on a partnership basis. “CSR means sustainable development of the community by being partners in their progress. The government has been evolving a large number of welfare schemes for the people but experience shows that in most cases the benefits do not reach the most deserving. Industries have expertise in man management, financial management and business planning. They can easily provide the missing ingredients of leadership and organization and establish the „last mile connectivity“ to reach the benefits to the deserving people. Therefore the focus of CSR could be „unlocking“ the last mile connectivity. Industry must be a catalyst for social development. They must provide the leadership, know-how, training, etc. **Jorge A. Arevalo and Deepa Aravind (2011) concluded in their article** “Corporate Social Responsibility Practices in India: Approach, Drivers, and Barriers” that the CSR approach that is most favoured by Indian firms is the stakeholder approach and that the caring or the moral motive, followed by the strategic or profit motive, are important drivers for Indian firms to pursue CSR. Further, the results indicate that the most significant obstacles to CSR implementation are those related to lack of resources, followed by those related to the complexity and difficulty of implementing CSR. The choice of engaging in CSR activities by a firm depends upon the economic perspectives of the firm. There are firms which believe in maximize shareholders value, while there are firms which believe in maximizing profits. Consumer behavioural response has emerged as a key to measure the level of customer satisfaction, retention, recommendation and commitment towards the service provider.

The analysis shows that though the Indian banks are making efforts in the CSR areas but still there is a requirement of more emphasis on CSR. There are some banks which are not even meeting the regulatory

requirement of Priority sector lending and rural branch expansion. Even after the RBI's guidelines for financial literacy programs the banks have not taken substantial steps in this direction. The RBI may be more stringent in enforcing such regulatory requirements. The banks have focused on the community welfare and farmers' welfare programs but the efforts for women welfare and education are not sizeable. Moreover, the public sector banks have overall highest contribution in CSR activities. Private sector banks and foreign banks are still lagging in this area. It could be inferred from the study that certain banks like ICICI bank, HDFC bank and State Bank of India which are top performers in terms of profitability and growth are not at the top in CSR activities. The public sector banks have overall highest contribution in CSR activities. Private sector banks and foreign banks are still lagging in this area. It is also recommended that awareness should be created about CSR amongst the general public to make CSR initiatives more effective. New areas of CSR activities should be searched like CSR education, carbon management strategies, resource recycling and ecosystem conservation. Emotions play a vital role defining an individual's attitude and intentions. Exploring the role of emotions in customer-client relationship. Emotions are the psychological actions expressed through behavioural or facial expressions in response to the particular event. The study identified two important dimensions of emotions that signify the fundamentals of positive and negative.

INTERVIEW OF CHANDA KOCHHAR REGARDING CORPORATE SOCIAL RESPONSIBILITIES.

ICICI Foundation to offer skill training to 2.5 lakh youth by March 2018: CHANDA KOCHHAR

MUMBAI: ICICI Foundation aims to reach the milestone of training 1.2 lakh youth in the year 2018 alone. This will bring the total number of youth trained by ICICI Foundation since inception to over 2.5 lakh. **An Interview with CHANDA KOCHHAR MD and CEO, ICICI Bank.**

1. ICICI Foundation for Inclusive Growth has been doing a lot towards providing skill training. Tell us about your recent initiatives.

In 2017, ICICI Bank along with ICICI Foundation for Inclusive Growth (ICICI Foundation) launched ICICI Academy for Skills—Rural Initiative. This is a unique programme in the country. It offers vocational training of villagers based on the local needs, provide credit facility and market linkages to villagers to enable their sustainable livelihood. The Rural Initiative of ICICI Foundation has since then been integrated into ICICI

Digital Villages, where in addition to the above mentioned activities, a digital platform is also provided for financial and commercial transactions at the village level. So far, we have transformed 100 villages into digital villages. As part of this programme, we provide vocational training to villagers in locally relevant skills and encourage them to take up self-employment. There is extensive engagement with the local enterprises to facilitate market linkage for the trainees to ensure that their produce/service gets a market. The Bank is facilitating the use of digital channels for transactions. The commercial activities are digitised through a less cash payment ecosystem. The Bank is also providing loans to help villagers earn a sustainable livelihood.

2. What is the objective behind this focus on skill training?

India has a unique advantage in the form of its demographic dividend. As one of the youngest nations in the world, nearly two third of India's population is in the working age group. In addition, India's young population is around 100 million which is more than the total population of all the G7 countries combined. It is further estimated that the average age of the population in India by 2020 will be 29 years as against 40 years in the US, 46 years in Europe and 47 years in Japan. However, to reap this demographic dividend, we need to enable the youth to acquire the skills required to get the job or become self-employed. Only then will we see the resulting growth and prosperity for this group and for the country. A large section of our youth, particularly the underprivileged segments of the population have little access to training that can improve their employability. It is estimated that only 4.69% of the total workforce in India has undergone formal skill training

3. Can you share the details on the number of students trained so far by these initiatives and what is the target aimed till March 2018?

Through the rural initiative project, we have trained more than 18,000 villagers in over 160 villages, including 100 digital villages. Of these 18,000 villagers, 66% are women. The availability of a sustainable livelihood at these villages now discourages individuals from migrating to urban locations in search of jobs. Additionally, through the RSETIs, we have trained around over 53,000 students till March 31, 2017, including over 15,000 youth in fiscal 2017. The urban centres of ICICI Academy for Skills have successfully trained over 64,000 youth till March 31, 2017, including over 28,000 youth in fiscal 2017, with 100% placement for all its trained youth. ICICI Foundation aims to reach the milestone of training 1.2 lakh youth in FY 18 alone. This will bring the total number of youth trained by ICICI Foundation since inception to over 2.5 lakh.

4. What are the highlights on the training programme offered at the digital villages launched by the bank few months back?

The main objective of the initiative is to develop occupational skills among rural youth based on the demand of the community and the prevailing needs of the product or service in local market. Individuals are trained majorly in Agriculture -based skills and Technical skills. Agriculture -based skills include dairy farming, vermicomposting and comprehensive agriculture while technical skills include multi phone servicing & repair and dress designing for women. So far, we have trained more than 18,000 villagers in over 160 villages. Of these 18,000 trainees, 66% were women.

CHAPTER-3 CONCEPTUAL FRAMEWORK

3.1-Meaning of CSR

The acronym CSR is made of three words i.e. Corporate Social and Responsibility.

- **Corporate:** Corporate citizenship are doing business for wealth creation.
- **Social:** Sustainable development i.e. taking care of people, planet and profit.
- **Responsibility:** Accountability between the two i.e. having balance between the wealth creation by exploiting the natural and the social resources and providing employments generation and welfare activities for the society at larger.

During the financial year the company shall constitute a CORPORATE SOCIAL RESPONSIBILITY COMMITTEE of board consisting of three or more directors, out of which at least one director shall be an independent director.

- The corporate social responsibility committee shall formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII
- Recommend the amount of expenditure to be incurred on such the activities.
- Monitor the Corporate Social Responsibility Policy of the company from time to time.
- Companies should spend, in every financial year at least 2% of the average net profits of the company made during the in pursuance of its Corporate Social Responsibility Policy.
- Give preference to the local areas and areas around it, where it operates for spending the amount earmarked for Corporate Social Responsibility activities.

- If the company fails to spend such amount, the Board shall specify the reasons for not spending in its reports.

1. What is corporate social responsibility?

Answer- While there is no universal definition of corporate social responsibility, it generally refers to transparent business practices that are based on ethical values, compliances with legal requirement and respect for people, communities and the environment. Thus beyond making profits, companies are responsible for the totality of their impact on the people and planet. People constitute the company's stakeholders its employees, customers, business partner, investors, suppliers, vendor, the government and the community. Increasingly stakeholders expect that companies should be more environmentally and socially responsible in conducting business. In the business community corporate social responsibility is alternatively referred to as "Corporate Citizenship" which essentially means that a company should be a good neighbour within its host community.

2. Why do companies decide to get involved in corporate social responsibilities and how do they benefit?

Answer- Today more and more companies are realizing that in order to stay productive, competitive, and relevant in a rapidly changing business world, they have to become socially responsible. In the last decade, globalization has blurred national borders and technology has accelerated time and masked distance change in the corporate environment, companies want to increase their ability to manage their profits and risks and to protect the reputation of their brands. Because of globalization, there is also fierce competition for skilled employees, investors and consumer loyalty. How a company relates with its workers, its host communities and the marketplace can greatly contribute to the sustainability of its business success.

3. What to remember while implementing in corporate social responsibility?

ANSWER-1) Plan realistically- Do not start with too many corporate social responsibility activities at once. Go step by step in the first year choose only one activity and if you perceive it as successful gradually add more. Establish sustainable budget for new activities

2) Select the right people-Corporate social responsibility means involving it to your casual, everyday business activities. A smaller bank is probably not able to hire a corporate social responsibility specialist, but you cannot overload the existing employees. Communicate with them and motivate them frequently, because it may easily happen that initial enthusiasm would wore off by the time.

3.1.2-Why is CSR important?

CSR is an important business strategy because, wherever possible, consumers want to buy Product from companies they trust; suppliers want to form business partnerships with the company they can rely on; employees want to work for companies they respect; and NGOs, increasingly, want to work together with companies seeking feasible solutions and innovations in the areas of common concern. Satisfying each of these stakeholder groups allows companies to maximize their commitment to another important stakeholder group—their investors, who benefit most when the needs of these other stakeholder groups are being met.

3.1.3- Why is CSR relevant today?

CSR as a strategy is becoming increasingly important for businesses today because of three Identifiably trends:

- **Changing social expectations**

Consumers and society in general expect more from the companies whose products they Buy. This sense has increased in the light of recent corporate scandals, which reduced public trust of corporations, and reduced public confidence in the ability of regulatory bodies and organizations to control corporate excess.

- **Increasing affluence**

This is true within developed nations, but also in comparison to developing nations. Affluent consumers can afford to pick and choose the products they buy. A society in need of work and inward investment is less likely to enforce strict regulations and penalize organisations that might take their business and money elsewhere

Globalization

The growing influence of the media sees any _mistakes by companies brought immediately to the attention of the public. In addition, the Internet fuels communication among likeminded groups and consumers—empowering them to spread their message, while giving them the means to co-ordinate collective action (i.e. a product boycott).These three trends combine with the growing importance of brands and brand value to corporate success (particularly lifestyle brands) to produce a shift in the relationship between corporation and consumer, in particular, and between corporation and all stakeholder groups, in general. The result of this mix is that consumers today are better informed and feel more empowered to put their beliefs into action. From the corporate point of view, the market parameters within which companies must operate are increasingly being

shaped by bottom-up, grassroots campaigns. NGOs and consumer activists are feeding, and often driving, this changing relationship between consumer and company.

3.1.5 -PRINCIPLES OF CORPORATE SOCIAL RESPONSIBILITIES.

The six principles are:

1. Commitment to sustainability

A commitment to sustainability requires financial institutions (FIs) to integrate the consideration of ecological limits, social equity and economic justice into corporate strategies and core business areas (including credit, investing, underwriting and advising); to put sustainability objectives on an equal footing with shareholder maximisation and client satisfaction; and to proactively finance transactions that directly promote sustainability.

2. Commitment to „do no harm“

FIs should commit to do no harm by preventing and minimising the environmentally and/or socially detrimental impacts of their portfolios and operations. FIs should create policies, procedures and standards to achieve that end based on the precautionary principle.

3. Commitment to responsibility

FIs should bear full responsibility for the environmental and social impacts of their transactions and pay their full and fair share of the risks they accept and create.

4. Commitment to accountability

Accountability means that stakeholders must have an influential voice in financial decisions that affect the quality of their environments and their lives – both through ensuring that stakeholder’s rights are protected by law, and through practices and procedures adopted by

FIs themselves.

5. Commitment to transparency

Transparency to stakeholders means having robust, regular and standardised disclosure, but also being responsive to stakeholder needs for specialised information on, for example, the policies, procedures and transactions of financial institutions. Commercial confidentiality should not be used as an excuse to deny stakeholders informatio

3.1.7-CSR practices in Indian Banking Sector:

- Now-a-days CSR has been assuming greater importance in the corporate world including financial institutions and banking sector
- Banks and other financial institutions start promoting environment friendly and socially responsible lending and investment practices
- RBI (2007) has also directed Indian banks to undertake CSR initiatives for sustainable development and also asked banks to begin non-financial reporting which is related to activities in the era of environmental, social and economic accounting.
- It has been observed from CSR ratings that most of the Indian public sector banks do not mention recent CSR activities on their annual reports or on the websites.
- The financial institutions do not take adequate steps for updating the recent activities in CSR.

3.2-LIST OF CSR ACTIVITIES AS PER SCHEDULE VII OF THE COMAPINES ACT, 2013.

- Combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
- Ensuring environmental sustainability;
- Employment enhancing vocational skills;
- Social business projects;

3.3-EVOLUTION OF CSR IN BANKS.

- The commercial banking structure in India consists of Scheduled Commercial Banks and Unscheduled Banks. Since independence, banking in India has evolved through four distinct phases;
- Foundation phase (1950s till the nationalization of banks in 1969),
- Expansion phase (mid-69s to 1984)
- Consolidation phase (1985 to 1991) and
- Reforms phase (since 1992).
- The CSR in Indian Banking Sector is aimed towards addressing the financial inclusion, providing financial services to the unbanked or untapped areas of the country, the socio-economic development of the country by focusing on the activities like **poverty eradication, health and medical care, rural area development, self-employment training and financial literacy training, infrastructure development, education, and environmental protection etc.**

3.4-PHASES OF CSR PRACTICES IN BANKS

- The CSR phases and its development can be divided into four phases which are as follows;
- **PHASE 1(TILL 1914):** CSR motivated by charity and philanthropy. The oldest form of CSR was motivated by charity and philanthropy with direct influence from culture, religion, and family trading and industrialization process.
- **PHASE 2 (1914 – 1960):** CSR for India's social development. Dominated by the country's struggle for independence and influenced fundamentally by Gandhi's theory of trusteeship for consolidation and amplification of social development. Gandhi's reform programs which included activities that sought in particular abolition of untouchability, women's empowerment and rural development.
- **PHASE 3(1960-1980):** CSR under the paradigm of the mixed economy. The paradigm of mixed economy with the emergence of legislation on labour and Environmental standards, affected the third phase of Indian CSR. This phase is also characterized by a shift from corporate self-regulation to strict legal and public regulation of business activities.
- **PHASE 4(1980 AND ONWARDS):** CSR at the interface between philanthropic and business approaches. Indian companies and stakeholders began abandoning traditional philanthropic engagement and, to some extent, integrated CSR into coherent and sustainable the multi stakeholder approach.

3.5- ROLE OF BANKS TOWARDS CORPORATE SOCIAL RESPONSIBILITY.

- **Schedule VII of the companies Act, 2013** sets out the activities which may be included in CSR and the banks in India are already working on it.
- These activities include poverty eradication, education, empowering women, environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water social-economic development and relief and welfare of the schedule castes, the schedule tribes and other backward castes, minorities and women.
- After the nationalization of banks on 1969 (14 banks) and in 1980 (6 banks) in India, whether it may be public or private sector domain, apart from catering the needs of big industrial houses, are also actively participating in the **Priority Sector Lending** target of which is 40% of the overall credit or credit equivalent of off- balance sheet exposure, whichever is higher

3.6- OTHER DIMENSIONS OF CSR ACTIVITIES OF BANKS

Financial Inclusion-: Financial inclusion means the delivery of banking services at an affordable cost to the vast sections of disadvantaged and low income groups. It may be defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and lower income groups at an affordable cost.

- The Reserve bank has adopted financial inclusion as one of its major projects in 2010.
- Banks have been advised to devise financial inclusion plans congruent with their business strategies and comparative advantages to make them an integral part of their corporate business plans.
- The initiative included targets requires to be set by banks for opening banking outlets, business correspondent outlets opened in urban locations, opening of basic saving bank deposit accounts, overdraft facility availed in BSBDAs and farm and non-farm credit such as kisan credit cards / general credit cards transaction in (business correspondent – information and communication technology) accounts.

3.6.1-PRADHAN MANTRI JAN DHAN YOJANA (PMJDY)

- The objective of PMJDY launched by the government of India are mostly in sync with the financial inclusion objectives being advocated by the RESERVE BANK. The implementation plan for PMJDY leverages on the policies laid down by the RESERVE BANK under financial inclusion.
- The timeline for providing banking services in village with the population below 2000 under the road may be advanced from March 2015 to August 2015. With revised targets for opening basic bank accounts in place, banks will have to ensure opening of at least one bank account in each household JANUARY 26, 2015.
- In addition banks are advise to undertake financial awareness campaigns in association with IBA so as to educate customers with regard to the facilities offered under the accounts opened under PMJDY, extending PMJDY to insurance and pension

SCHEMES OF RURAL DEVELOPMENT.

- Integrated Rural Development Programme (IRDP).
- Service Area Approach (SAA).
- Lead Bank Scheme (LBS).
- Differential Interest Rate (DIR).
- Small Farmers Development Agency (SFDA).

3.7-INITIATIVES TAKEN BY RBI.

- RBI also insisted upon taking measures for sustainable development of economy through realizing the dire necessity of CORPORATE SOCIAL RESPONSIBILITY. **Dated 20.12.2007 by RBI.**
- CSR entails the integration of social and environmental concerns by companies in their business operation as also in interaction with their stakeholders.
- Sustainable development (SD) essentially refers to the process of maintenance of the quality of environmental and social systems in the pursuit of economic development.
- Non-Financial Reporting (NFR) is basically a system of reporting by organizations on their activities in this context, especially as regards the triple bottom line, that is the environmental, social and economic accounting (**PLANET, PEOPLE AND PROFIT**).
- The contribution of financial institutions including banks to sustainable development is paramount, considering the crucial role the play in financing the economic and development activities of the world.
- In this context, the urgency for banks to act as responsible corporate citizens in the society, especially in a developing country like ours, need be hardly overemphasized. Their activities should reflect their concern for human rights and environment.

CHAPTER-4

CASES STUDIES FINDINGS

We have picked up samples from public sector banks (STATE BANK OF INDIA, CANARA BANK AND PUNJAB NATIONAL BANK) and three from there private sector banks (ICICI BANK, AXIS BANK AND YES BANK). Which are the leading banks in public sector and private sector. The abstract on the corporate social responsibility activities of the concerned banks have been taken from their respective Annual Reports

4.1- STATE BANK OF INDIA'S BUSINESS RESPONSIBILITY

The origin of the State Bank of India goes back to the first decade of the nineteenth century with the establishment of the Bank of Calcutta in Calcutta on 2 June 1806. Three years later the bank received its charter and was re-designed as the Bank of Bengal (2 January 1809). A unique institution, it was the first joint-stock bank of British India sponsored by the Government of Bengal. The Bank of Bombay (15 April 1840) and the Bank of Madras (1 July 1843) followed the Bank of Bengal. These three banks remained at the apex of modern in India till their amalgamation as the Imperial Bank of India on 27 January 1921. In order, therefore, to serve the economy in general and the rural sector in particular. An act was accordingly passed in Parliament in May 1955 and the State Bank of India was constituted on 1 July 1955. The State Bank of India was thus born with a

new sense of social purpose aided by the 480 offices comprising branches, sub offices and three Local Head Offices inherited from the Imperial Bank.

SBI'S CSR POLICY

- CSR was introduced in the SBI'S as early as 1973, under the same Innovative Banking, covering both banking as well as non-banking activities
- The initial emphasis was on assistance groups belonging to the weaker and downtrodden sections of the society by providing avenues for improvement of their economic conditions.
- Non-banking activities involved participation in community activities which contributed to the communal goods E.G- blood camps, health camps, participation in local festivals, adult literacy, tree planting etc.
- As the scope of the activities increased the Bank classified these activities as Community Service Banking, through which the banks plays the role of a responsible and responsive corporate citizen and discharges its corporate social responsibility to the community.

CSR and SBI:

The Bank is actively involved since 1973 in non-profit activity called Community Services Banking. All its branches and administrative offices throughout the country sponsor and participate in large number of welfare activities and social causes. The Executive Committee of the Central Board has approved in August 2011 a comprehensive policy for

Corporate social responsibility donations are given to only those organizations that enjoy IT exemption under Sec 80. This ensures that the Bank's support is extended to deserving cases only.

The comparative chart of CSR spends for the last three years is as under:

RS- IN CRORES

SBI - CSR during 2012-13

Sector wise Deployment:

The breakup of sectorial deployment of our CSR spends during the year has been as under

- Supporting education
- Supporting healthcare
- Assistance for natural calamities
- Green banking
- Research and development fund.

Supporting Education

- To support school education and to bring happiness to millions of school children specially the underprivileged children, Bank provided 1, 20,000 electric fans to 12,000 schools across India.
- During the year, the Bank also provided large number of buses/vans to needy schools. Preference has been given to schools for physically/mentally challenged children, and children belonging to economically weaker sections etc. We also assisted them with computers, furniture and other accessories.
- To transform and upgrade the efficacy of education in schools run by Municipal Corporation of Greater Mumbai, it was extending funding support.

Healthcare to Children

- Providing safe drinking water has always been a challenge for schools. Recently SBI took up the project, and installed 13,600 water purifiers in as many schools, ensuring clean & safe drinking water to millions of children in schools.

Assistance for Natural Calamities:

- SBI has always been at forefront to help the States affected by natural calamities. During the current fiscal, the Bank has lent its helping hand to the following states, with donations of Rs 5.50 Crores to the Chief Minister's Relief Fund of the respective states to provide help to the people affected by natural calamities.

Research and development fund

- The Bank set up the Research & Development Fund in 1977 with the primary objective of supporting research work relevant broadly to the activities of the Bank
- In the year 2010 State Bank of India Chair on Energy and Environment has been instituted for ` 50 lac in IIT Kanpur with particular emphasis towards innovations in the field of solar energy.
- This step demonstrates Bank's concern for energy and environmental issues
- Besides, the Bank has also made an annual contribution of GBP 100,000 towards a Chair set up by the Bank jointly with RBI at the Asia

CSR SPEND DURING 2016-2017

The CSR contribution of STATE BANK OF INDIA for the financial year 2017 was rupees 109.82 crore. The bank's local head office spent rupees 89.82 crore and the remaining rupees **20 crores was donated to SBI Foundation**. This is the 5th successive year, SBI CSR spend has crossed the milestone of rupees 1000 million.

DENA BANK

Dena Bank (DB), was founded on 26th May, 1938 by the family of Devkaran Nanjee under the name Devkaran Nanjee Banking Company Ltd. It became a Public Ltd. Company in December 1939 and later the name was changed to Dena Bank Ltd. In July 1969 along with 13 other major banks was nationalized and is now a Public Sector Bank constituted under the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970.

CSR IN DENA BANK

Dena Bank has set up a Society known as Dena Rural Development Foundation with a corpus of ` 150.00 lacs Dena Rural Development Foundation in turn has set up 12 Rural Self Employment Training Institutes in its lead districts viz (i) Ahmedabad, (ii) Kutch, (iii) Mehsana (iv) Patan in the state of Gujarat (v) Raipur (vi) Rajnandgaon in the state of Chhattisgarh where bank is shouldering the responsibility of lead Bank was 53%. Main activities of the Bank are in the area of:

- Education
- Health care

Present activities of the Bank in the area of Health care involve:

- Sponsoring rehabilitation centres for HIV patients and Cancer patients
- Sponsoring trauma care units including ambulances, counselling centres, Dialysis centres
- Sponsoring Old Age Homes, Alzheimer's/Dementia care centres etc.
- Partnering with Public Health Services to provide amenities in large Government Hospitals to help the poor

DB - CSR during 2015-16

Sponsoring Education of Girl Child:

As a part of Corporate Social Responsibility, the Bank had introduced a Nobel scheme viz. Dena Laxmi Shiksha Protsahan Yojana to sponsor education of Girl students in the villages served by the Bank. The scheme aims at providing a scholarship of ` 2000/- and ` 1500/- per annum to girl student belonging to Below Poverty Line (BPL) family, selected from each of the schools based on first and second rank respectively secured in 7th Standard, has so far provided scholarships to 2213 girl students under the scheme.

Regional Rural Banks sponsored by the Bank:

The Bank has sponsored two RRBs namely Dena Gujarat Gramin Bank (DGGB) in the State of Gujarat and Durg Rajnandgaon Gramin Bank (DRGB) in the State of Chhattisgarh. Both the RRBs sponsored by Dena Bank have a network of 277 branches spread over 10 districts of Gujarat and Chhattisgarh. The total business mix of these RRBs stood at ` 4920.20 Crore as of March 2012. During the financial year ended 31st March, 2012, both the RRBs are profit making.

Dena bank-CSR

Punjab National Bank (PNB)

The Bank opened for business on 12 April, 1895. It was opened in Lahore. On March 31, 1947, the Bank officials decided to leave Lahore and transfer the registered office of the Bank to Delhi and permission for transfer was obtained from the Lahore High Court on June 20, 1947. PNB has continued to retain its leadership position amongst the nationalized banks. The Bank enjoys strong fundamentals, large franchise value and good brand image.

PNB is gearing high in recent, post 2014 in its CSR initiatives. In fact, it came with a dedicated CSR report since 2014-15.

According to the bank started to measure the success of its CSR programmes in terms of social capital. We mainly build social capital by strengthening ties with local communities. This happens, for example when PNB provides volunteers to clean the roads, teach the farmers, counsel the poor ladies in rural areas, etc. Regular engagements mean that the imparter and the importee's benefit from the session as both the volunteer and the beneficiaries come back with better knowledge of the other's world. The world of the —other— a rural unemployed youth, a small child, a farmer — becomes more familiar, more tangible and ultimately more enabled. On this level, the value of their interaction, their newly formed relationship and shared experiences, cannot be overestimated. A spark gets ignited which has every chance to get light into the lives of these beneficiaries. Social goodwill also increases when Punjab National Bank conducts business in a way that minimizes its impact on the environment. Using recycled paper, recycling our waste, conserving electricity — these actions tell clients that we take our role as good corporate citizens seriously and set an example for our peers to follow.

Asha Project

Asha is working towards progress and development of around 400,000 people living in more than 50 slum colonies of Delhi by allowing them to realize their potential, regardless of their background, caste or religious beliefs. Asha addresses deep-rooted social and poverty induced problems by involving community members in every aspect of our work with the aim to make lasting benefits in the lives of slum dwellers through empowerment, healthcare, education, financial inclusion and environmental improvement. PNB has been associating with NGO ASHA for past few years and participating in the financial inclusion programmes. Under this, PNB has been financing the slum dwellers through its branches. During the year 2011- 12, **68 beneficiaries were financed Under Education loan / Business loan schemes** to the tune of ` 40 Lakh only

PNB – CSR

Bank in the network of branches, many awards and accolades during the financial year 2010-11 in appreciation of excellence in services, Corporate Social Responsibility (CSR) practices, transparent governance structure, best use of technology and good human resource management practices. The Bank was conferred with the Gold trophy of —SCOPE Meritorious Award for Best Managed Bank, Financial Institution

or Insurance Company. Corporate Social Responsibility is socially responsible and enlightened attitude of the Bank. Our CSR policy is to ensure effective and sustained CSR programme to strengthen social ties of the Bank with the community at large. The CSR is an integral part of the overall PNB corporate Business Strategy. To integrate the concepts of CSR with Business Strategy, the Bank makes the following commitments.

- **Sustainability**

PNB intends to be a catalyst for change that benefits present and future generations. Sustainability is an integral part of PNB's activities – in our core business and beyond. Thus, we believe in being responsible to all our stake holders, society and the environment.

- **Corporate Volunteering**

“Giving back to the society” is the prime motive behind our CSR activities. The message that we give to our staff regarding CSR is that whatever we do today will have an impact on future generations. Thus we undertake CSR activities with full participation of staff members.

- **Social Investments**

Being a socially responsible organization, we contribute to society through the PNB Farmers Welfare Trust, PNB Centenary Rural Development Trust, PNB Prerna, Farmers' Training Centres, Financial Literacy & Credit Counselling Centres, Rural Self Employment & Training Institutes, PNB Hockey Academy to support National Game and other such initiatives. We help the underprivileged communities to overcome unemployment and poverty and shape their own future through education and skill development programmes. All these initiatives are counted by us as social investment.

- **Health**

We strongly endorse the view that healthy mind and healthy body in a healthy environment is essential for overall growth of society and the nation. Thus, we invest in areas that facilitate such enhancements. During the year 2014-15, the Bank has undertaken 1067 CSR activities with the active involvement of staff. This includes 58 free medical check-up camps which benefitted 5178 persons. Also 1932 units of blood are collected in 39 Blood Donation Camps organized during the year.

- **Green Initiative**

We have implemented some quick win “Green practices” to conserve resources be it electricity, water, paper, etc. We are making efforts for rainwater harvesting in existing buildings and encourage environment friendly new constructions. We are promoting wind energy and popularizing solar energy usage in rural areas. Sapling of 6943 plants was executed in 67 Tree Plantation Camps organized during the year.

- **Promotion of Sports**

The Bank continued in its efforts to promote sports and nurturing young talents as a part of CSR activity. The Bank has set up Hockey Academy in Sept. 2002 for junior hockey players in the age group of 14 to 17 years with sanctioned strength of 25 players. Subsequently, in April 2004, the Bank also formed its senior hockey team. The senior players are employees of the Bank whereas the junior players are provided lodging, boarding and training facility by bank and are groomed as hockey players.

- **Other CSR Initiative**

PNB Prerna, an association of the wives of the senior officials of the Bank as well as senior lady officials of the Bank is performing a vital role in undertaking/ showcasing/promoting the Bank's CSR activities. The prime objective of the association is to support the Corporate Social Responsibility initiatives of the Bank.

PRIVATE SECTOR BANKS

ICICI BANK

ICICI Bank Ltd is India's largest private sector bank and the second largest bank in the country, offering a wide range of banking products and financial services to more than 25 million corporate and retail customers. ICICI Bank's subsidiaries include India's leading private sector insurance companies and among its largest securities brokerage firms, mutual funds and private equity firms. ICICI Bank's presence as on Oct 2012, spans around 19 countries, including India. In line with its commitment to investing in India's future and building the nation's talent pool, ICICI Bank views its Corporate Social Responsibility (CSR) initiatives as integral to its core mission of delivering value to its stakeholders. To serve this objective, **ICICI Foundation for Inclusive Growth (ICICI Foundation)** was founded by the ICICI Group in early 2008 to carry forward and build upon its legacy of promoting inclusive growth. ICICI Foundation works within public systems and specialized grassroots organizations to support developmental work in four identified focus areas. It is committed to invest in long-term efforts to support inclusive growth through effective interventions.

CSR ACTIVITIES CARRIED OUT BY ICICI BANK LIMITES DURING THE FINANCIAL YEAR 2015-2016

ICICI FOUNDATION FOR INCLUSIVE GROWTH.

ICICI FOUNDATION for Inclusive Growth (ICIC FOUNDATION) was set up in early, 2008 to build upon the ICICI Group's legacy of promoting inclusive growth. It works on high impact project that are sustainable and scalable in four key areas; skill development and sustainable livelihood, financial inclusion, elementary education and primary healthcare.

RURAL SELF EMPLOYMENT TRAINING INSTITUTES

ICICI FOUNDATION operates RSETI's in Udaipur and Jodhpur. It also manages 13 satellites centres across these two districts, which impart skills in 33 diversified trades. The institutes also facilitate live hood opportunities for the underprivileged youth. ICICI RSETIs secured 'AA' grade under category II in the grading exercise carried out by the Ministry of Rural Development, government in India in July 2015.

ELEMENTARY EDUCATION

SCHOOL AND TEACHER EDUCATION REFORM PROGRAMME.

ICICI FOUNDATION has partnered with the Government of Rajasthan and Chhattisgarh to implement the school and teacher education reform programme aimed at improving the quality of school education in government school in these states. In fiscal 2016, the programme focused on strengthening district institutes of education and training capacity building and development of 250 demonstration schools (150 in Rajasthan and 100 in Chhattisgarh) to make them compliant as per RIGHT TO EDUCATION ACT standards. In Rajasthan 17 of these schools have been selected by the state government as a model schools.

PRIMARY HEALTHCARE

STRENGTHENING CONVERGENT ACTION FOR REDUCING CHILD UNDER-NUTRITION

RAJASTHAN

ICICI FOUNDATION IN partnership with the Government of Rajasthan implemented a three year pilot project across 494 Angawadi Centres in SHAHABAD and KISHANGANJ blocks of Baran district. It aimed to improve the nutrition level of children up to 5 years through prevention, management and treatment of under nutrition. Mother and child health and nutrition days were institutionalised across these 494AWCs resulting in monitoring of the children's growth and referral of undernourished children to malnutrition treatment centres. In addition, 186 village health sanitation eater and nutrition committees were made operational in the project areas

AXIS BANKS

Axis Bank was the first of the new private banks to have begun operations in 1994, after the Government of India allowed new private banks to be established. The Bank was promoted jointly by the Administrator of the specified undertaking of the Unit Trust of India (UTI - I), Life Insurance Corporation of India (LIC) and General Insurance Corporation of India (GIC) and other four PSU insurance companies, i.e. National Insurance Company Ltd., The New India Assurance Company Ltd. The Oriental Insurance Company Ltd. and United India Insurance Company Ltd. **Axis Bank Foundation (ABF)** was setup as a Public Trust in 2006 to carry out the Corporate Social Responsibility initiatives of Axis Bank. ABF has partnered with several NGOs to provide equitable education to various underprivileged individuals across 13 states of India. It commits to set apart up to 1% of profits every year for the activities towards the foundation

CSR Focus Areas & Programs

The CSR Focus Areas of the Bank are aligned to the Schedule VII (list of permissible CSR activities) of the Companies Act, 2013.

These include:

- Creating meaningful socio-economic impact in the lives of vulnerable and underprivileged sections of the society that include amongst others, differently-abled, street children, destitute women, children of sexually exploited women, economically weaker sections and victims of natural and other disasters including war and acts of terrorism.
- Enhancing sustainable livelihood through interventions in the areas of natural resource management, agriculture, horticulture and livestock development, rural development, traditional arts and handicrafts, micro-enterprise, vocational training and skill development.
- Promoting measures to eradicate hunger, poverty and malnutrition, and promoting preventive health care and sanitation.
- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently-abled, and livelihood enhancement projects. This would also include initiatives to promote financial literacy, consumer education and awareness, and capacity and skill building in various sectors of the economy in alignment with the various Government initiatives.
- Promoting environmental sustainability, ecological balance and conservation of natural resources and maintaining quality of soil, air and water through various initiatives such as resource conservation, renewable energy and energy efficiency amongst others.
- Contributing to the Prime Minister's National Relief Fund or any other fund set up by the Government for socio-economic development.

The Bank undertakes several CSR programs guided by its Policy on Corporate Social Responsibility. The activities are implemented by the Bank or by the Axis Bank Foundation or through any other Trust or agencies and entities as deemed suitable

EDUCATION

- **Special education for the differently-abled:**

Support basic, secondary and vocational education for differently-abled children and youth. Increase outreach to the differently-abled and provide them with access to education (at the primary, secondary and higher secondary levels) and vocational training

- **Access to quality education for street children and children of sexually-exploited women:**

Provide education to street children and children of sexually exploited women and facilitate access to age-appropriate formal education and vocational opportunities.

- **Financial literacy:**

Advance the agenda of Financial Inclusion by creating awareness, educating and empowering sections of society which do not have access to formal banking system through financial literacy initiatives.

- **Consumer education and awareness:**

Promote financial education and awareness amongst consumers at large and school children. Disseminate knowledge on managing finances etc. to consumers at large which may include aspects safe banking practices, tax planning, saving and investing and other relevant financial knowledge.

- **Support MSME sector capability enhancement:**

Provide support to MSME sector through dissemination of knowledge leading to enhancement of sector capabilities.

MEDICAL CARE AND TRAUMA CARE

The Bank has been working on providing medical relief and trauma care for victims of accidents through its Foundation. It also seeks to create a trained community of service providers who can provide immediate assistance to victims of accidents. The Bank shall continue working on such programs as part of its overall contributions towards promoting healthcare.

ENVIRONMENTAL SUSTAINABILITY

The Bank is sensitive towards its role in ensuring environmental sustainability, ecological balance and conservation of natural resources and will pursue projects that conserve resources and enhance environment such as renewable energy and energy efficiency

As per Axis Bank disclosures in the Sustainability Report (2012), % Involvement of bank in various CSR areas:

Education- 91%

Public Health & Medical Relief- 5%

Others- 4%

PKK trains their children in art & crafts and making greeting cards. The support by way of purchasing these cards goes a long way in enabling them to continue the training for these children. In the long run, it also provides them livelihood options.

assistance for public health and medical relief, education and alleviation of poverty. During the year, the Trust focused on primary education for the under privileged. The same was named as Axis Bank Foundation later

Yes Bank (YB)

Since its inception in 2004, YES BANK has fructified into a Full Service Commercial Bankl. YES BANK is India's fourth largest private sector Bank.

Responsible Banking:

Responsible Banking is one of the key differentiators of YES BANK with the objective of developing innovative business solutions to social and environmental problems. YES BANK operates in a Sustainability Zone where wider economic, environmental and social objectives are met by supporting new emerging businesses that not only promote financial growth but also enhance social and environmental causes across a range of its client base and their stakeholders, thus constituting the economic pyramid as a whole. To this end, like earlier years, YES BANK continued to offer in 2011-12, innovative financial solutions to address a wide spectrum of issues regarding sustainable livelihoods, food security, public health, education & CLIMATE CHANGE.

CSR ACTIVITIES PERFORMED BY YES BANK

Child Rights and You (CRY)

Child Rights and You, earlier known as Child Relief and You – is India's leading advocate for child rights. CRY believes that sustainable change in the lives of children is possible only when the root causes that keep them hungry, illiterate, exploited and abused are addressed. Over 30 years, CRY has partnered NGOs, communities, government, the media and mobilises all sections of society to eliminate these root causes of deprivation, exclusion, exploitation and abuse. CRY's objective is to demonstrate that real, sustainable change is possible through the building of

grassroots models and through concerted advocacy for child rights. Yes banks had an alliance for making donation using Yes Bank Internet Banking- Bill payment feature.

Some important tie-ups of Yes Bank in 2010-11;

American India Foundation-

The American India Foundation is a non-profit American development organization that is devoted to accelerating social and economic change in India. AIF works with partners to implement programs in education, livelihood, and public health sectors in India - with emphases on elementary education, women's empowerment, and HIV/AIDS, respectively.

Oxfam India

Oxfam India is part of a global movement for change. OXFAM India works with communities and partner organizations to empower poor and marginalized people, especially women, to have a say in the decisions that affect them; to give them access to a secure livelihood and essential services, and to make them more resilient in the face of disaster.

CHAPTER 5

FINDINGS SUGGESTION AND CONCLUSION.

SUMMARY OF MAJOR FINDINGS

In this chapter of the study are presented along with summary, suggestion and conclusion of the study the aim of the study was to find out the awareness, practice, strategy, benefits of CSR practice and to suggest suitable measure for effective implementation of CSR practices by the select services and enterprises. The study empirical in character was based on secondary data and information was collected through articles, annual reports.

SUGGESTION

The present suggestion to various services of banking organization to promote better relationship between services and society in general and the various stakeholders in particular. CSR can be classified as those policy, activities, or behaviour undertaken by banks that goes beyond the traditional economic and legal obligation that banks has with its internal and external y actively channel stakeholders. CORPORATE SOCIAL RESPONSIBILITY is more than a business policy or a response to issue raised by society. The following are the suggestions.

- Identification of reasons and benefits of practicing CORPORATE SOCIAL RESPONSIBILITY in different section of banking activities which will have a scope of further research along with development of banks and integration of business ethics.
- The study involves other independent variables such as corporate reputation, organizational climate and sustainability can be undertaken to find out its effect on corporate social responsibility.
- Further study may focus on identifying and comparing the perception of line managers, staff managers, and employees on corporate social responsibility practices.
- Companies and organisations should integrate social entrepreneurship into their core culture by actively channelizing their research and development capabilities in the direction of socially innovative services.
- Identification of programs and policies to enhance CORPORATE SOCIAL RESPONSIBILITY

CONCLUSION

Hence by completing this project report on “CORPORATE SOCIAL RESPONSIBILITY OF BANKS TOWARDS CUSTOMERS” conclude that the project consist of only secondary data.

By interpreting the above analysis of case studies it represents the corporate social responsibility activities conducted by private sector banks and public sector banks. Banking sector in India is showing interest in integrating sustainability into their models but its CSR reporting are far from satisfaction. There are only few banks which reports their activities on triple bottom line principles. Hence I conclude that Indian banks are doing a lot of CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES.

CHAPTER 6

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CSR OF INDIAN BANKING SECTOR