



CORPORATE SOCIAL RESPONSIBILITY-A STUDY OF PUBLIC AND PRIVATE SECTOR BANKS

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Abstract

Indian companies to play active roles in nation building and prompting socio-economic development during the twentieth century through donations, community investments in trusts, and provision of essential services such as schools, infirmaries etc. CSR has become one of the focal points and a major item on the agenda of a bank action programme while the conceptual and operational changes were taking place, customer movement had gained momentum in India and CSR has become a major issue of concern for many including commercial banks.

In view of its gaining importance, an attempt has been made to study the CSR in banks. Efforts are also made to find out the differential measures adopted by banks. A major influencing factor for service companies is the quality of services. Society and customers vary in requirements and are increasingly demanding high standards of services. Today, most of the service companies have improved CSR activities in order to compete with service environment.

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Key words: socio economic development. quality of services. agenda.

Introduction

Companies funded education and other social welfare activities even during the pre-independence era in India as a part of business and corporate philanthropy. During the freedom struggle, Indian companies supported Mahatma Gandhi's cause for development of the nation; thus, many of them were involved in providing education, health services, and even clean water. Even Sardar Vallabhbhai Patel persuaded industrialists to build educational campuses in order to cater to the needs of engineering candidates. But philanthropy is different from CSR. CSR essentially means a more integrated and proactive action towards all the stakeholders while philanthropy could be a charitable donation to the citizens in and around the area of operation of the company.

The social responsibilities of business or a corporation refer to the obligations of business to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of society. The banking industry is a co-operative body. An awareness of its responsibility to the community and the society makes it possible for it to extend its services of the weaker sections rather than concentrating on a few.

CSR is a fundamental part of corporate marketing strategies due to its proven ability to strengthen organizational and brand image. So more and more often companies try to present themselves as social agents whose leading goal is to contribute to the sustainable



development of society through the commitment to its most basic needs. As a consequence, companies develop codes of conduct, publish social reports, and join international CSR initiatives (e.g., the Global Compact, The GRI) while there is an increasing number of social rankings and stock market indices in the business area. The defining principles of CSR as an umbrella concept generally seem well understood and articulated. Less well understood is how CSR might become embedded within an organization and thereby determine business activities. Organizations can achieve integration by ensuring their policies, practices and processes are congruent with CSR principles, which in turn may provide two distinct and linked benefits. First, it mitigates the charge that organizational CSR is nothing more than marketing communication in response to shifting governmental and social expectations or “window dressing”, second by embedding CSR into policies and everyday business practices, the firm reduces the potential that CSR comes decoupled from decision making when the organization confronts economic challenges.

Review of Literature

Mr. A. Ananth, Mr. Senthikumar, N. and Mr. Arulraj A. (2011) in their study of customer satisfaction in the banking service. According to this study, a sound CSR policy and practice can help banks to achieve customer satisfaction which is the most important factor in assessing the quality of service in the banking sector.

Ms. Nishi Sharma (2011). In her study she makes a graphical presentation of the most important areas for the CSR activities of the public and private sector banks. As revealed by this study, the CSR thrust of both the public and private sector banks are mainly in the areas child welfare, community welfare, poverty-reduction, healthcare, environment, rural development, vocation training of women, education, protection of girl children, education.

Ms. Sudepta Pradhan (2009) finds that the Indian banks are aware of the social and environmental issues and that many banking institutions are involved in activities for social development, upliftment of women, protection of environment, culture, promotion of health, community welfare and social security. The study is based on the content analysis of annual reports of banking institutions which contain information on their CSR-related activities.

The financial inclusion policy is the “no frill accounts” opened for common people by the banks under the guidelines of Reserve Bank of India (RBI). The phenomenon of “no frill accounts” began with the RBI’s “annual policy statement” in April 2005. This statement of RBI advised all the banks to initiate measures for encouraging all those people who have been until then excluded from banking services to open bank accounts. Ms Jayashree’s study finds that of the total such “no frill accounts” opened from 2006 to 2006, 89% per cent were opened in the public sector banks, and only the remaining 11% were opened in private sector banks. The foreign banks opened virtually Nil accounts. This finding perhaps points to the fact that it is still public sector institutions that are more likely to adopt policies meant for social inclusion than the private sector.

Objective of the Study

1. To Study the impact of the Corporate Social Responsibility (CSR) activities in public and private sector banks.
2. To Study identify the level of awareness of loan beneficiaries and bank employees on the



Corporate Social Responsibility (CSR) of banks.

Hypothesis

Hypothesis states what the awareness are looking for and it is a proposition which can be put to a test to determine its validity.of CSR activities.

Result and Finds

What is the level of awareness on CSR Activities					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Low level	8	8.0	8.0	8.0
	Moderate level	55	55.0	55.0	63.0
	Full awareness	37	37.0	37.0	100.0
	Total	100	100.0	100.0	

From the above table it is observed that out of 100 respondents the level of awareness on CSR Activities low level. respondents are 8(8.0%), moderate level respondents 55(55.0%), and Full awareness respondents 37 (37.0%).The awreness should be based on socio-economic factor using of systematic way to represent the values of banks.

- 1.Majority of respondents 63 percent awareness of CSR activities of public and private sector banks.
- 2.Majority of respondents 55percent level of awareness is moderate in public and private sector banks.
3. Few banks' employees are not aware about CSR activities. Banks should explore CSR activities
- 4.The awareness of CSR will help the economy of banking sector
- 5.The awareness programme or training should be conducted in each and every branch of banks.

Guidelines for Developing CSR Programme

CSR is governed by clause 135 of the Companies Act 2013, which was passed by both Houses of the Parliament, and had received the assent of the President of India on 29 August 2013, and become applicable from the fiscal year 2014-15 onwards also require companies to set up a CSR committee consisting of their board members including at least one independent director. The CSR provisions within the Act is applicable to companies with an annual turnover of 1000 crore INR and more, or a net worth of 500 crore INR and more, or a net profit of five crore INR and more. Define net profit as the profit before tax as per the books of accounts, excluding profits arising from branches outsideIndia.

Some of the rules are

Promoting Social Equity

Social equity is one of the essential parts of the banks in Indian scenario. Which enables the individuals to socialize with each other in an operative manner. Inequalities are regarded as major impediments to sustainable development. Therefore, to bring about effective growth and development of the banks for the nation. It is essential to promote social equity. Inclusive sustainable development requires dealing with the structural causes of inequalities in accordance to the human rights principles of universality, indivisibility, equality, non-discrimination, participation and accountability. Promoting social equity and dealing with



social exclusion and discrimination are vital aspects that need to be emphasized within the corporation and the external environmental conditions. Incentives need to be provided to the policymakers that are necessary to formulate programs and procedures to promote social equity and well-being of the banking sector. Furthermore, it is necessary to prioritize the disadvantaged groups through setting of targets and disaggregating data on the basis of factors such as, caste, race, gender, age, income, occupation, location, and socio-economic background (Promoting Equality, 2014).

Conclusion

Corporate Social Responsibility (CSR) is the concept that has acquired eminence in particularly business organizations. Every corporation has the policy that puts emphasis upon CSR, which produces a report, annually, detailing its activities. Every corporation is able to identify the corporate activity, which is publically accountable and the activities, which are not publically accountable. The three main principles of CSR are to be taken into consideration to comprise all of the CSR activities, these are, transparency sustainability, accountability. In understanding the concept of CSR, it is vital to understand, how it renders a significant contribution in promoting effective growth and development of the of the public and private sector banks in India. Within the banks, there are number of aspects that need to be taken into consideration, these are, changes, well-being, alleviation of societal problems and so forth. The individuals need to make effective use of knowledge and competencies to promote well-being and development of the Banks.

The roles of CSR in CD have been identified in the areas, CSR contributes in the protection of the environment, CSR is for human right corporate sustainability, interdependence between the public and private sector banks, a CSR program is an aid in the alleviation of poverty, a CSR program helps in collection of data, for achievement of corporate sustainability goals, promoting social equity and promoting gender balance. The CSR has been rendering a significant contribution in leading to well-being and progression, taking into account the above stated areas. Finally, it can be stated that corporate social responsibility is primarily concerned with the relationship between corporation and the local society. The tasks and functions of the corporation have to be put into operation in such a manner that would lead to well-being and progression of the individuals and society.

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