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## “ A STUDY ON CORPORATE SOCIAL RESPONSIBILITY IN INDIA – THE EMERGING DISCOURSE AND CONCERNS.”

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### **Abstract**

Ethics, moral values, and social responsibility are key challenges among many, faced by different business managements in recent years. Financial institution not only influences the profit or loss of its shareholders but drives the economy of whole nations. So it should have more concern about its social obligation and responsibilities. Now a day, banking sector is under massive pressure from its shareholders, investors, media as well as its customers to carry out business in a responsible and ethical manner. In addition to this, CSR practices of an organization have significant impact on its reputation and resultant profitability of the organization. Financial service firms like banks recognize that they need to develop strategies which would show that they take account of wider societal concerns which arise from their business activity. As such, over time the CSR practice of banks is expected to contribute to the development of evolutionary trends in the industry. With globalization and development of multinational companies, the structure of the banking public may be for more complex than can be readily predicted. Moreover, the dynamism and complexities of modern society continues to change the composition and intricacies of CSR requirements of the banking industry. In financial sector several international initiatives like United Nations Environment, Programmed Finance Initiative, Global Reporting Initiatives, Equator Principles and declaration on financial institutions etc.; are there to ensure the adoption of CSR practices in normal business operations.

**Key words: Banks, CSR Requirements, Developments, Globalization, Social Responsibility .**

## **Introduction**

Corporate Social Responsibility is now a global concept. It is a management tool for successful business. And American, British, Australian banks take advantage s of the implementation of CSR management systems also when they extend performance into international markets. In many cases, they have an opportunity to be competitive with national corporations in the recipient countries. To maintain its advantage mainly domestic banks adopt the concept of CSR, which is proclaimed by corporation's expansionists.

India is the first country in the world made CSR is mandatory for corporate. There are very few banks who report their CSR practices in their websites. This practice is at primitive phase in India as there is mandatory rule to report CSR .There is less concern about this issue. Education and employments were the major trust area of CSR reporting for private sector banks whereas Indian public sector banks most actively participate for alleviation of regional imbalances through initiating various activities for promotion of rural development. In Karnataka , Canara bank , ICICI Bank, Karnataka bank , Syndicate bank, State bank of Mysore, are also adopted CSR in practice. They were concentrating for education, scholarships, donations, and some other activities.

## **Literature Review**

**Seema Sharma (December, 2012)** made a study on “**Corporate Social Responsibility in India – The Emerging Discourse and Concerns**” in her study she stated CSR discourse in India by locating CSR within the political economy of the country, the legitimization process, main actors in CSR.**A. N. Kostyuk, Ya. I. Mozghovyi, D.A. Riabichenko, D.A. Govorun , Yu.H. Lapina (June, 2012)** made a study on “**Corporate Social Responsibility in Banks ; An International Overview**” in their study they states that CSR do not exist in pure form and depend on the historical peculiarities of different countries, as well as the financial condition of individual banks and banking systems as a whole.

**Kshitiz Upadhyay and Amar Dhungel (March, 2013)** made a study on “**Corporate Social Responsibility Reporting Practices in the Banking Sector of Nepal**” in their study they mentioned that the necessity of development of uniform standards and framework for reporting of CSR activities, which could be applied to compare it at national levels with other banks and /or industries as well as for the international comparisons. **Shjirley Yeung (July, 2011)** made a study on “**The Role of Banks in Corporate Social Responsibility**” in his study he states that CSR in banking industries shall comprise the elements such as risk assessment , effective and efficient internal audit process with value added to stakeholders.

**L. Kvasnickova, K. Margarisoa and K.Stantna (November, 2011)** made a study on “**Corporate Social Responsibility in Banking Sector**” in their study they state that CSR can be strategically applied in dealings with claims of each particular interest group. The firm's management can use CSR as a normative instrument in planning strategies which satisfy shareholders as well as other interest groups. **Mengwen wu and Chung Huashen (September, 2013)** made a study on “**Corporate Social Responsibility in the**

**Banking Industry: Motives and Financial Performance”**, in their study they stated that CSR positively associates with financial performances in terms of return on assets, return on equity, net interest income, and non-interest income. In contrast, CSR negatively associates with non-performing loans.

## Statement of the Problem

Every citizen having a responsibility towards their nation. Same the corporate citizen's also have a social responsibility. To meet the competitive environment, effective CSR practice is necessary for the business houses. Adoption of CSR practice involved lots of benefits to the organizations. But it also involved some risks. MNCs (Multi-National Corporations) are eager to penetrate Indian markets through their CSR management skills. This is the major challenge for Indian banks on their own market. The attempt to create a CSR combination is a difficult task in India.

The problems and social issues that face India are linked to the social structure of the society. Big challenges in the form of caste, inter religious strife, poverty, unemployment, malnutrition, illiteracy, poor health and gender issues affect more than half the population. In such situation business houses confused about the concentrating area for the CSR practice. CSR plan which is adopted by the institution will concentrated the welfare of the shareholders, employees, government and the public. Each has their own expectation from their financial institution. To satisfy all the stakeholders from the single activity is may be an impossible task.

## Objectives of the Study;

- To examine the status of Social Responsibility in Indian Banking sector.
- To examine the role of CSR in mitigation of frauds and irregularities.
- To determine the factors responsible for the adoption of CSR in the Banking Structure.
- To analyse the opinions of respondents towards adoption of CSR and its impact on Banking Sector in India.
- To offer suggestions in the light of the findings for the effective implementation and adoption of CSR.

## Scope of the Study;

This study mainly concentrates on Corporate Social Responsibility in Indian banking sector. And it specially focuses on CSR activities of the Canara Bank Hosanagara.

## Methodology;

**Sources of data** - The present study based on the information which is collected by both the type of data such as primary data and secondary data. Primary data will be collected through structured questionnaire method. And secondary information is collected from past records, articles, published materials, journals, internet sources, books and bulletin etc. **Sample size / Design** - For the purpose of achieving the objectives, the present study undertaken sample of 50 respondents through random sampling technique. **Tools and**

**Techniques** - The study use tools and techniques such as diagrams and graphical representation of data, through Pie charts, tables, and bar charts are used to analyze and interpret the data.

## **Corporate Social Responsibility in Banking Sector;**

### **RBI guidelines on CSR;**

As per guidelines issued by RBI, majority of its member commercial banks started new programs like Canara Banks started new programs like expanding its coverage under its self-employment training institute, rural clinical services scheme and drinking water facilities under Jal Yoga Scheme. Jammu and Kashmir bank also started customer convenience programs, lead bank responsibility and human resource development to follow RBI guidelines. It was also awarded Asian CSR Award in the year 2004 for corporate social responsibility. Anil Kandelwal, former received Chairman and Managing Director, Bank of Baroda, India lifetime achievement in the banking industry award for his contribution to financial services. The Asian Banker Leadership Achievement Award is widely acknowledged by professionals as the highest possible accolade available in the financial services industry. This is the highest award available in the Asia Pacific and Gulf region today.

To broad base its services, RBI has started the m-payment space operator agnostic. Payment service providers have applauded RBI for its proactive stance on the issue. RBI keeps on announcing better measures to boost up the believes of other banks in CSR. As a result other member commercial bank comes up with new schemes, projects and strategies for social interest. This helps in building a social interest, High performance workplaces that integrate the views of line employees into decision-making processes, Adoption of operating policies that exceed compliance with social and environmental laws. As per RBI guidelines on CSR, each and every member commercial bank is asked to release their annual report. The banks doing well accordingly with RBI guideline are given financial assistance and recognition and the violators are either penalized or their license is cancelled.

### **Constraints of CSR;**

Shareholders put their risk capital in a Joint Stock Company (or business) and therefore, companies should be managed in the interest of the owners or the shareholders. This primary of treatment given to the shareholders is being justified on the grounds of ownership and shareholding. It is felt that maximization of profits or the bottom line should be the ultimate objective of the management. Developing corporations argue that practicing and following CSR is matter of concern for companies having big business with lot of resources at their disposal. It is argued that CSR is the responsibility of the politicians. It's not business role to get involved. Business has traditionally been beyond morality and public policy.

## Analysis and Interpretation of Data

**Table 1: Demographic Details of Respondents**

| Particulars                      | No. of Respondents | Percentage (%) |
|----------------------------------|--------------------|----------------|
| <b>Gender</b>                    |                    |                |
| Male                             | 32                 | 64             |
| Female                           | 18                 | 36             |
| <b>Total</b>                     | <b>50</b>          | <b>100</b>     |
| <b>Age</b>                       |                    |                |
| Below 20 years                   | 3                  | 6              |
| 20years -30years                 | 18                 | 36             |
| 31years-40 years                 | 19                 | 38             |
| Above 40 years                   | 10                 | 20             |
| <b>Total</b>                     | <b>50</b>          | <b>100</b>     |
| <b>Educational Qualification</b> |                    |                |
| Up to PUC                        | 7                  | 14             |
| Graduate                         | 20                 | 40             |
| Post graduate                    | 12                 | 24             |
| Others                           | 10                 | 20             |
| <b>Total</b>                     | <b>50</b>          | <b>100</b>     |
| <b>Occupation</b>                |                    |                |
| Business man                     | 9                  | 18             |
| Professional                     | 8                  | 16             |
| Government employee              | 8                  | 16             |
| Students                         | 8                  | 16             |
| Others                           | 17                 | 34             |
| <b>Total</b>                     | <b>50</b>          | <b>100</b>     |

**Source:** Field Survey

The above table states that majority of the respondents are male, comes under the age group of 31 to 40 years and they are graduates, follow the other occupation like agriculture, employees of the firms and concerns etc.

**Table 2: Respondents Opinions towards CSR Practices in Banking Sector**

**Table 2.1: Respondents opinion towards the necessity of the CSR Practice in Banks**

| Particulars  | No. of Respondents | Percentage (%) |
|--------------|--------------------|----------------|
| Yes          | 41                 | 82             |
| No           | 9                  | 18             |
| <b>Total</b> | <b>50</b>          | <b>100</b>     |

**Source:** Field Survey

The above table shows opinions of respondent about the necessity of the CSR practice in banking sector. Out of 50 respondents, 82% of the respondents opined that CSR practice is necessary in the bank but 18% of the respondents opines that CSR practice is not necessary in banking sector. It is interpreted that, majority of the respondents opines that CSR practices are necessary in banking sector, because banks also having its own responsibility as a corporate citizen.

**Table 2.2: Respondents Opinion towards the Implementation of the CSR Practice**

| Particulars  | No. of Respondents | Percentage (%) |
|--------------|--------------------|----------------|
| Yes          | 32                 | 64             |
| No           | 18                 | 36             |
| <b>Total</b> | <b>50</b>          | <b>100</b>     |

**Source:** Field Survey

Table 2.2 shows that out of 50 respondents, 64% of the respondents have positive opinion towards the mandatory implementation of the CSR practice in the banks, and remaining 36% respondents shows negative opinion towards the mandatory implementation of CSR practice in the bank. It is interpreted that, majority of the respondents wish for mandatory implementation of the CSR practice in the banks. Because banks must follow the duty of their own responsibility as a corporate citizen.

**Table 2.3: Respondents Opinions towards Reasons for adopting CSR in Banks**

| Opinions                             | No. of Respondents | Percentage (%) |
|--------------------------------------|--------------------|----------------|
| Increase the goodwill of the bank    | 7                  | 14             |
| Increase the customer relationship   | 19                 | 38             |
| Determine accountability of the bank | 9                  | 18             |
| All of the above                     | 15                 | 30             |
| <b>Total</b>                         | <b>50</b>          | <b>100</b>     |

Source: Field Survey

The above table clearly shows that out of 50 respondents, 38% of the respondents opines that adopting CSR increases the customer relationship, 14% of the respondents opines that CSR increase the goodwill of the bank, 18% of the respondents opines that CSR practice determine the accountability of the bank but remaining 30% of the respondents opines that adopting CSR increase the goodwill and customer relation and determine the accountability. It is interpreted that, majority of the respondents opines as adopting CSR in banks increases the customer relationship. Because through the CSR program banks move near to the customer and understand the customers desires.

**Table 2.4: Problems in the adoption of CSR Program in Banks**

| Particulars                     | No. of Respondents | Percentage (%) |
|---------------------------------|--------------------|----------------|
| Competition                     | 10                 | 20             |
| Stake holders problem           | 15                 | 30             |
| No regulatory body              | 14                 | 28             |
| Lack of knowledge and awareness | 5                  | 10             |
| Lack of management support      | 6                  | 12             |
| <b>Total</b>                    | <b>50</b>          | <b>100</b>     |

Source: Field Survey

The above table shows that out of 50 respondents, 20% of the respondents opine that competitions a difficulty to adopt CSR in bank and 30% of the respondent opine that stake holders problem is the big problem for adoption of CSR practice in bank. And 28% respondents think that absence of regulatory body is the problem for adoption of CSR in bank. And 10% says that lack of awareness is the problem to adopt CSR in banks. And 12% opines that lack of management support is the problem to adopt CSR in banks. It is interpreted that, majority of the respondents opines that stakeholders problem is a major reason to adoption of CSR program in banks. Because stake holders have a interest on the growth, development of the bank and they gain confidence over the performance of the bank.

**Table 2.5: Opinions of Respondents towards CSR Practices**

| Particulars               | No. Of Respondents | Percentage (%) |
|---------------------------|--------------------|----------------|
| Lack of good strategy     | 10                 | 20             |
| Ethical nature            | 22                 | 44             |
| Profitable situation      | 9                  | 18             |
| Duty of corporate citizen | 5                  | 10             |
| Nothing                   | 4                  | 8              |
| <b>Total</b>              | <b>50</b>          | <b>100</b>     |

**Source:** Field survey

From the above table it comes to know that out of 50 respondents, 20% of the respondents opines that CSR practices of the bank shows lack of strategy, 44% opines CSR practices of the banks show ethical nature, 18% of the respondents says CSR practice of the bank show profitable situation, 10% respondents says that CSR practice of the bank shows duty of corporate citizen, and 8% of the respondents does not show their opinion about the CSR practice of the banks. It is interpreted that, majority of the respondents opines CSR practice of the bank shows ethical nature of the banks, because it is a concern of the bank about the social problems.

**Table 2.6: Factors influencing the Implementation of CSR Practice**

| Factors                       | No. of Respondents | Percentage (%) |
|-------------------------------|--------------------|----------------|
| RBI Regulations are necessary | 12                 | 24             |
| Regulatory body is necessary  | 13                 | 26             |
| CSR Act is needed             | 16                 | 32             |
| Can't determined              | 9                  | 18             |
| <b>Total</b>                  | <b>50</b>          | <b>100</b>     |

**Source:** Field Survey

The above table clearly shows that out of 50 respondents, 24% of the respondents opine that RBI(Reserve Bank of India) regulations are necessary for the implementation of CSR, 26% of the respondents opine that regulatory body is necessary for proper implementation of CSR practice 32% of the respondents opine that CSR Act is needed to implement the CSR practice but 18% of the respondents are opine that they can't be determined about the implementation of CSR. It is interpreted that, majority of the respondents opines that CSR Act is needed for proper implementation of the CSR because it bring proper discipline and directive in the adoption and proper implementation of the CSR in the bank.

**Table 2.7: Types of problems covered under CSR Program**

| Particulars                       | No. of Respondents | Percentage (%) |
|-----------------------------------|--------------------|----------------|
| Related to social problems        | 8                  | 16             |
| Related to environmental problems | 24                 | 48             |
| Related economic problems         | 12                 | 24             |
| Related to ethical problems       | 6                  | 12             |
| <b>Total</b>                      | <b>50</b>          | <b>100</b>     |

**Source:** Field survey

From the above table it is clear that out of 50 respondents 16% of the respondents opines that CSR program covers social problems, 48% of the respondents opines that CSR practice covers environmental problems, 24% of the respondents says that CSR covers economic problems and 12% of the respondents says that CSR practice covers ethical problems. It is interpreted that, majority of the respondents opines that banks, by adoption of CSR practice concentrated on the environmental problems, because in India environmental protection is much necessary in the present context.

### **Findings of the Study;**

- Establishment of CSR practices is essential for all the Banks.
- CSR Practice is extremely important for the bank to increase the market share.
- CSR Practice of the bank increases the customer relationships.
- Lack of stake holders' support is the major problem for the adoption of CSR.
- CSR practice of the bank shows the ethical nature, financial soundness and duty as a corporate citizen.
- Proper rules and regulations are necessary to implement the CSR.
- CSR programs attract the customers.
- CSR practices of the bank create good image in society.
- Implementation of CSR practices involves various problems like competition, rules and regulations of regulatory bodies, lack of awareness and management support.
- Adoption of CSR concentrates more on protecting the welfare of the employees of the organization and the local community.

### **Suggestions of the Study;**

- Banks adopts CSR Practices in such a way to understand the public needs.
- Banks adopt CSR Practices related to environment. While focusing on this organizations look at the environmental impacts of other products and services, as well as what they do outside, the business to improve the environment.
- Banks adopts CSR Practices which is beneficial for the employees of the organization. The organization who thinks in this perspective, they take care of all the employees adequately focusing on workplace conditions, benefits, living wages and training.
- Banks adopt CSR Practice in such a way to favor for the communities. The organizations that care about communities the voluntarily take advance steps to improve the quality of life for employees and their families as well as for the local community and society.
- Banks undertakes CSR programs focusing on the regulations with respect to the laws fully and often exceed then to be more socially responsible.
- Banks use CSR program as emergency supports. Sometimes organizations keep plans ready to manage business crises and ensure safety for employees and surrounding communities. Besides they also take initiatives to provide support in times of emergencies such as disaster or epidemic.



- Along with the CSR Practices, banks also maintain systematic documentation for activities. The main suggestion for banks to publishes a separate segment on CSR in their annual report.
- At present situation, banking companies having a need to promote a drive in greater accountability on CSR. Formation of CSR policies in the banks helps them in order to attain the social objectives.
- Banks adopt system of periodical monitoring and reporting to the board of directors related to CSR. Banks shows their CSR initiatives and discloses to the CSR in their websites and create competitive advantage by their CSR activities.

### Limitations of the Study;

- The study is limited to Hosanagara only.
- Lack of respondents support for collection of data.
- The report is based on the data collected from the respondents.
- Another limitation is making this report is the time factor, on the basis of sample only conclusion is drawn.

### Conclusions;

Bank is one of the important financial intermediaries in the economy of the country. They are having direct contact with the customer. To increase the customer relationship and trust. CSR is necessary to all banks. CSR has been assuming greater importance in the corporate world, including the banking sector. There is a visible trend in the financial sector of promoting environment friendly and socially responsible lending and investment practices. At present the banking sector performing their business services more effectively in comparison with the past and also started working towards social banking that is CSR. In India, there is wide scope for adoption of CSR but present, Indian banks are not highlighted by their CSR programs. There is a large opportunity for the banks to get benefits by adopting CSR. Numbers of banks are performing CSR activities as per their priority but all the banks are not reporting and disclosing their CSR activities.

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