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Corporate Social Responsibility of Commercial Banks: Analysis and Review

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Abstract: *Corporate social responsibility (CSR) refers to corporate or organisational business practices that take account of institutional initiatives that do well to the society in which it exists. Thus CSR is simply means undertaking socially responsible initiatives, projects and ventures. It is considered as the response from business organisation towards its stakeholder's legal, ethical, social and environmental concerns and expectations. It is a sensible response to the pressures of the general public and consumers specifically. In reality, transparency and honesty in the management of business operations are considered as an essential pre condition for the result oriented implementation of CSR because it integrate social or public concerns with business affairs. The concept of CSR is very important in banking sector especially in the current scenario. This paper, Corporate Social Responsibility of Commercial banks: - Analysis and Review, is an effort to examine the various Corporate Social Responsibility (CSR) activities, initiatives and projects etc. of the Indian commercial banks.*

Keywords: *CSR, Commercial banks, Corporate Entity.*

I. INTRODUCTION

The term "corporate social responsibility" became popular in the 1960s and has remained a term used indiscriminately by many to cover legal and moral responsibility more narrowly construed.¹ (De George) In a corporate entity, CSR policy works as a self-dictatorial system. Through this the institution monitors its compliance with the ethical standards and legal system of the state. The compliance of international norms and guidelines are also ensured through CSR. It is well thought-out that of the ethics of the business. In each and every country, social welfare is the major concern. The concepts and initiatives of social responsibility contributed much towards the social welfare needs of the society. This self-directive, social responsibility mechanism remains and acts as a defensive measure. This helps the business entity or an individual from engaging anti-social or detrimental activities against its business environment. Also it contributes its maximum towards the public welfare of the society where it exists and grows.

II. CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is considered as a sense of duty or responsibility of every business entity or corporate entity to keep the interest of the society. Even though the main objective of business entity is to make profit, the business organizations should initiate actions for the wellbeing of the society and should carry out its activities in compliance with the recognized norms of the society and its various dimensions of the humanity and the natural environment. By tradition it was voluntary for all the corporate to take steps for betterment of the general public through social activities without any rules

and regulations because the organizations consumes the resources of the society for its effective running. Now the situation has drastically changed due to the enactment of various laws and regulations related to corporate social responsibility, its execution and monitoring.

Definitions

Keith Davis and Robert Blomstrom defines “social responsibility is the obligation of decision makers to take actions which protect and improve the welfare of the society as a whole along with their own interests”

According to Koonts O’ Donnel”Social Responsibility is the personal obligation of every one as he acts for his own interests to assure that the rights and legitimate interests of all others are not impinged”

In simple terms, business organizations have certain responsibilities towards the various segments of the society because they are the component and entity of a society at large.

INDIAN COMMERCIAL BANKS AND CSR PRACTICES

The commercial banks and financial institutions are one of the major stakeholders in the financial segment of an economy. The Indian banking scenario is well thought-out as a corporate scenario due to their extensive network or branch set up and potentiality in financial sphere. The banking sector has significant influence on the society. They have the ability to generate an economic impact, especially in the financial and economic sphere through their wide variety of financial products and services. The legal surroundings of the banking and financial sector in India is very influential one. CSR practices and its effective delivery are very important in the point of view of the legal structure of the industry. Some of the areas of social issues or initiatives focused by the Indian commercial banks are briefly described below.

1. Financial inclusion

Financial inclusion is one of the key areas to be stressed in making financial policies of the nation. These policies and financial planning by the government is to ensure stable and equitable growth of the nation’s economy. Financial inclusion means the release of financial services at reasonable costs to all peoples in the society without any discrimination in terms of income, caste creed etc. Indian Commercial banks plays a prominent or important role in promoting financial inclusion as part of their CSR practices.

2. Widening Branch Network

In India, another area of the CSR practices of the commercial banks is the widening of branches for increasing service network. They open new branches in the interiors and unbanked locations or regions especially in rural areas of the country.

3. Priority Sector Lending

Priority Sector means those sectors which need more attention due to several reasons. In priority sector we need a special credit dispensation system. This is an endeavor related to CSR, essentially meant for overall development of the economy and its strengthening. The commercial banks in India are considered the matter seriously and engaged such lending process.

4. Environmental Challenges and Issues

Environmental issues are burning at present because of the concerns of the society related to environment, its ecological balance and sustainability etc. The importance of the environment and its ecological balance is understood by the society and it is essential for the survival of humanity. As a corporate entity banking sector plays an important task in promoting environmental management. These commercial banks, initiates various environmental preservation projects with the object of bringing sustainable development in the society.

5. Agricultural Support Service

The modernization of agriculture sector requires capital investment in various heads. This investment or use of modern technology increases the land productivity and reduces the loss of the farmers. This is possible only through training and knowledge about the new cultivating pattern. The banks, through their wide branch network disseminates knowledge in the areas of new production methods, seeds, cultivation process, governmental assistance, climate management etc. Through their CSR practices, they educate the farmers about the various services available to them to increase their agricultural yield and soil fertility.

6. Health Care

Commercial banks in India organize various types of health care initiatives like medical camps, veterinary camps, vaccination camps, supply of medical equipments, ambulance services, financial assistance for the medical centers etc. The requirement of the one region or territory of the country is different from other, so they undertake the initiatives based on the needs and wants of the location in which they operate. They also become part of the community sanitation projects for providing appropriate sanitation facilities to the needy.

7. Energy development and conservation

Banks initiates and implements different projects meant for energy development and conservation. It may include supply of bio gas units, power saving household items etc.

8. Employment Development Programme

Adequate training and support is given to the farmers to develop subsidiary occupation related agricultural sector to increase their income. It also increases the labour demand especially in the unskilled sector. Some of the sectors where training has been imparted are weaving, Tailoring, Dairy, Poultry, animal husbandry, etc.

9. Youth and Women Empowerment and Development Projects

This initiative facilitates the formation of entrepreneurial projects for youth and women at rural and geographically backward region of the nations. As part of youth empowerment banks initiates or sponsor different competitions and events to well equip them. They also imparted the training in sports and games, setting up of cottage industry, self-employed activities, assistance for education, coaching for competitive examinations, supply of study material etc.

10. Social and Cultural Initiatives

Social well-being is not possible only through economic development. Along with economic progress we require socio-cultural development of the society. The banks operated in the diversified areas of the nation, encourages social and cultural activities.

11. Education

Education is a popular segment for CSR practices. The corporate entities especially commercial banks come up with novel activities in the field of education. These initiatives mainly focused on the entire education scenario of the nation. CSR in the field of education consists of adult learning, scholarships and endowments, Supply of learning aids ,promotion of computer literacy, use of Information Technology in education etc.

III. CONCLUSION

Corporate social responsibility (CSR) is a business practice or strategies followed by the corporate entities, towards social development and economic growth in sustainable manner by delivering economic, social and environmental benefits to the stakeholders in an ethical way. The society demands more from the business institutions and organizations operated in the

economy. The commercial banks in India have superior network strength all over the country. Also these financial institutions are very familiar and approachable to the common people in the society without many formalities. So the society demands more from these institutions in different form for social development. These demands and aspirations motivate them to take up and implement various socially advantaged projects through CSR activities. The wide branch coverage of the commercial banks especially in rural villages helps them to diversify their CSR endeavors and it directly or indirectly influences sustainable social development.

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