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CORPORATE SOCIAL RESPONSIBILITY AND GOVERNMENT REGULATION: EVIDENCES FROM BANKING INDUSTRY

DR. T.N.MATHUR
PROFESSOR

DEPARTMENT OF ECONOMIC ADMINISTRATION & FINANCIAL MANAGEMENT
UNIVERSITY OF RAJASTHAN
JAIPUR

ABHINEET SAXENA
RESEARCH SCHOLAR

DEPARTMENT OF ECONOMIC ADMINISTRATION & FINANCIAL MANAGEMENT
UNIVERSITY OF RAJASTHAN
JAIPUR

DR. MAMTA JAIN
ASSOCIATE PROFESSOR

DEPARTMENT OF ECONOMIC ADMINISTRATION & FINANCIAL MANAGEMENT
UNIVERSITY OF RAJASTHAN
JAIPUR

SURESH KUMAR YADAV
RESEARCH SCHOLAR

DEPARTMENT OF ECONOMIC ADMINISTRATION & FINANCIAL MANAGEMENT
UNIVERSITY OF RAJASTHAN
JAIPUR

ABSTRACT

Corporate social responsibility (CSR) is emerging as a new field in the social science research. CSR aims to better integrate social and environmental concerns into business routines on a voluntary basis. In India, many firms have taken the initiatives of CSR practices which have met with varying needs of the society. The present study has made an attempt to understand the status and progress and initiatives made by Banking Institutions of India in context to CSR policy framing and implementation. In this Research paper, we have made an effort to provide an analysis of the current trends in CSR in India, particularly how Banks are managing CSR, their focus areas and how they are disclosing their CSR activities to the public. Our findings are based on research conducted using secondary literature review on information available in the annual reports and the Bank's websites. For this study 20 banks has been selected for the study out of top 100 companies on the basis of net sales for the financial year 2012-13. Results of the study depicts that although India has entered or taken a transformational change by involving into new CSR initiatives, but still a lot has to be done in this area. Indian banks are doing well in the Area of CSR but most of the banks are engaged in the non financial activities. Only one bank ICICI out of selected bank is investing amount more than 1% of PAT on CSR activities. All other banks are lacking with a huge GAP. In terms of transparency Most of the public sector banks are lacking behind. It is also noted that there are very few banks who have disclosed; amount contributed towards CSR in their annual reports. Hence Banking Institutions will have needed to revisit their CSR policies, strategies and activities in order to align with new companies Bill and CSR regulations as per the Clause 135.

KEYWORDS

Corporate Social Responsibility (CSR), Transparency score card, sustainable development (SD), Indian Banking, financial literacy.

ABBREVIATIONS USED

ALB: Allahabad Bank
BOB: Bank of Baroda
BOI: Bank of India
CB: Canara Bank
CBI: Central Bank of India
IDBI: Industrial Development Bank of India
PNB: Punjab National Bank
UBOI: United Bank of India
SBI: State Bank of India
IOB: Indian Overseas Bank
OBC: Oriental Bank of Commerce
SB: Syndicate Bank
CO.B: Corporation Bank
IB: Indian Bank
UCO: UCO Bank
AXIS: Axis Bank
JKB: Jammu Kashmir Bank
KMB: Kotak Mahindra Bank
KB: Karnataka Bank
ICICI: Industrial Credit & Investment Corporation of India

HDFC: Housing Development Finance Corporation Bank

YES: YES Bank

FB: Federal Bank

SIB: South Indian Bank

ING: ING Vysya Bank

1. INTRODUCTION

The concept of corporate Social responsibility may be centuries old in India, but the same has assured new heights only in 21st century corporate culture. Evolving from a predominantly philanthropic activity. Corporate Social responsibility today reaches out to the Societies addresses larger environmental concerns and enjoys equity- equity with regards to living standard of Internal and External stakeholder, emotional Security and happiness. CSR today is a synonymous with responsible business behaviour.

The phrase corporate social responsibility has been used in so many different contexts that it has lost all meaning." (Sethi 1975, p. 58;) Even though this statement is now over 30 years old, it is as current as ever. The discussion about Corporate Social responsibility (CSR) has a history of more than 50 years. Within the past years, it has gained in quality and intensity considerably.

In an immensely competitive business scenario, Indian businesses have realised the potential of corporate Social responsibility beyond, Just a shield against a range of business risks. CSR is now a viable means of creating intangible assets like credibility, reputation and confidence among both stake holders and share holders. CSR is not new to India; companies like TATA and BIRLA have been imbibing the case for social good in their operations for decades long before CSR become a popular cause. In spite of having such life size successful examples, CSR in India is in a very nascent stage.

Regarding the banking sector Bhatt (2008) stated that banks do not exist in a vacuum. They make a large contribution to the country's GDP growth, meet the demand of the growing middle class, contribute to infrastructure spending, and reach out to the semiurban and rural areas. The Reserve Bank of India (RBI) (2011) on stressing the need for CSR, suggested the banks to pay special attention towards integration of social and environmental concerns in their business operations to achieve sustainable development. RBI also pointed out to start non financial reporting (NFR) by the banks which will cover the work done by the banks towards the social, economic and environmental betterment of society. 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 trainings, infrastructure development, education, and environmental protection etc.

Against this backdrop it can be understood that CSR is now an integral part of functioning of an organisation. The performance of an organisation should be judged beyond the financial parameters. The authorities need not only focus on the financial performance but to examine into the CSR performance of the organisation. Keeping in view the importance of banking sector in India, this study is focused on the corporate social responsibility activities carried out by Indian commercial banks.

In 1970, the Nobel laureate and late economist, Milton Friedman of New York Times rightly wrote: "the Social Responsibility of business is to increase profits". World business council for sustainable development defines corporate Social Responsibility (CSR) as "The Continuing Commitment by business to behave ethically and contribute to economic development while improving the quality of life of the work force and their families as well as of the local community and society at large". Corporate social responsibility (CSR, also called corporate conscience, corporate citizenship, social performance, or sustainable responsible business) is a form of corporate self-regulation integrated into a business model.

1.1 NEED FOR CORPORATE SOCIAL RESPONSIBILITY

The current trend of globalization has made the firms realize that in order to compete effectively in a competitive environment they need clearly defined business practises with a sound focus on the public interest in the markets (Gray, 2001). Firstly, the increase in competition among the multinational companies to gain first mover advantage in various developing countries by establishing goodwill relationships with both the state and the civil society is ample testimony to this transformation. Secondly, in most of the emerging markets, the state has a duty of protecting the interests of the general public and thus gives preference to companies which take care of the interests of all the stakeholders. Thirdly, emerging markets have been identified as a source of immense talent with the rising levels of education. For example, the expertise of India in churning out software professionals and China in manufacturing has now become internationally renowned.

1.2 WHY GOVERNMENTS SHOW INTEREST IN CSR

Governments are interested in CSR because the respective business efforts can help to meet policy objectives on a voluntary basis. This motivation touches not only on policy objectives related to sustainable development and environmental protection, but also to foreign policy goals such as human development and development assistance (Haufler 2001). Liston-Heyes and Ceton (2007) state that CSR is concerned with redistributing corporate resources to public causes. As the CSR critic Henderson (2001) puts it provocatively, CSR is now "a common body of doctrine" that requires businesses to "play a leading part in achieving the shared objectives of public policy and making the world a better place". CSR is concerned with managing business relations with a broad variety of stakeholders, the concept obviously reshapes not only management routines but also the roles of, and relations between, businesses, governments, and civil society. In this respect, CSR leads to "shifting involvements of the public and the private" sectors (Hirschman, quoted in Moon 2002).

The government can play a crucial role in establishing CSR value and knowledge among the business and the general public through recognition for CSR achievement and spreading CSR information to attain a better understanding of CSR among the public. Initiative can come in the form of publicity, awarding success, campaigning for awareness, networking opportunities, and funding.

1.3 CSR AND SUSTAINABLE DEVELOPMENT

It is now well recognised that corporate need to behave as responsible corporate citizens and demonstrate it through their action and activities. Today the Society is critically looking at corporate and gives preferences to product and services of socially responsible companies. Civil society activities continuously analyze the functioning of companies and highlight where they find in ethical behaviour. That tends to give a bad image to those companies which are involved in any unethical practice.

If we leave the management side of CSR behind and turn to its socio-political salience, a close linkage with the widely accepted societal guiding model, known as sustainable development, emerges. Similar to CSR, the mainstream understandings of sustainable development emphasise the need to better integrate the social, environmental, and economic aspects of development and to involve civil society organisations and businesses in doing so (European Council 2006). What-ever this means for various sectors is defined in government strategies for sustainable development. These tools are supposed to organize different policy instruments across sectors (Steurer & Martinuzzi 2007).

The National voluntary Guideline on Social, Environmental and economic responsibility at business recently issued by the ministry of corporate affairs have ethical behaviours by corporate as one of the important principles.

Today the concept of CSR has undergone a sea change. Earlier, many companies considered CSR in terms of philanthropy. However, the concept has now transformed to conducting business in a responsible manner which is essential for long term sustainability. Corporate may get away with simple profit make commercial activities in the short run. But it is behaviour and image of socially and ethically responsible organisation which will sustain them in the long run. Therefore today we talk of corporate citizen ship, responsible business or corporate responsibility or sustainability rather than just corporate social responsibility.

In delivering CSR, many companies make use of a variety of management tools (including sustainability reporting), and they reach out to the societal and political contexts of the firm with stakeholder management and political lobbying. Thus, managing stakeholder relations is for companies what public policies on CSR are for governments: among other things, they are both attempts to better link CSR with sustainable development, and often this is done through new ways of (corporate and public) governance.

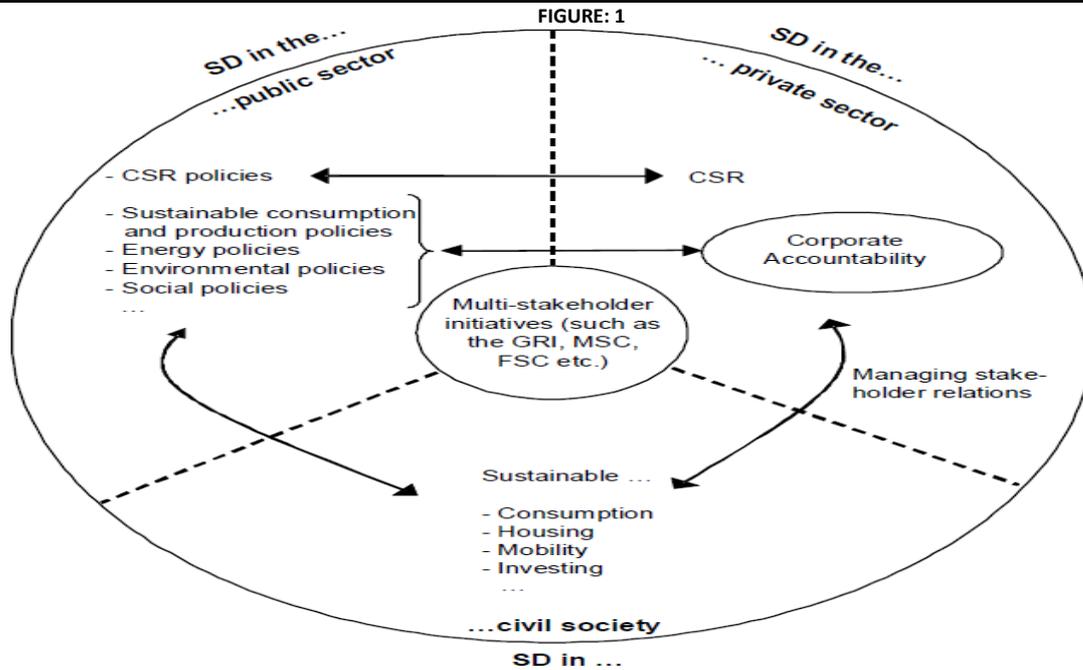
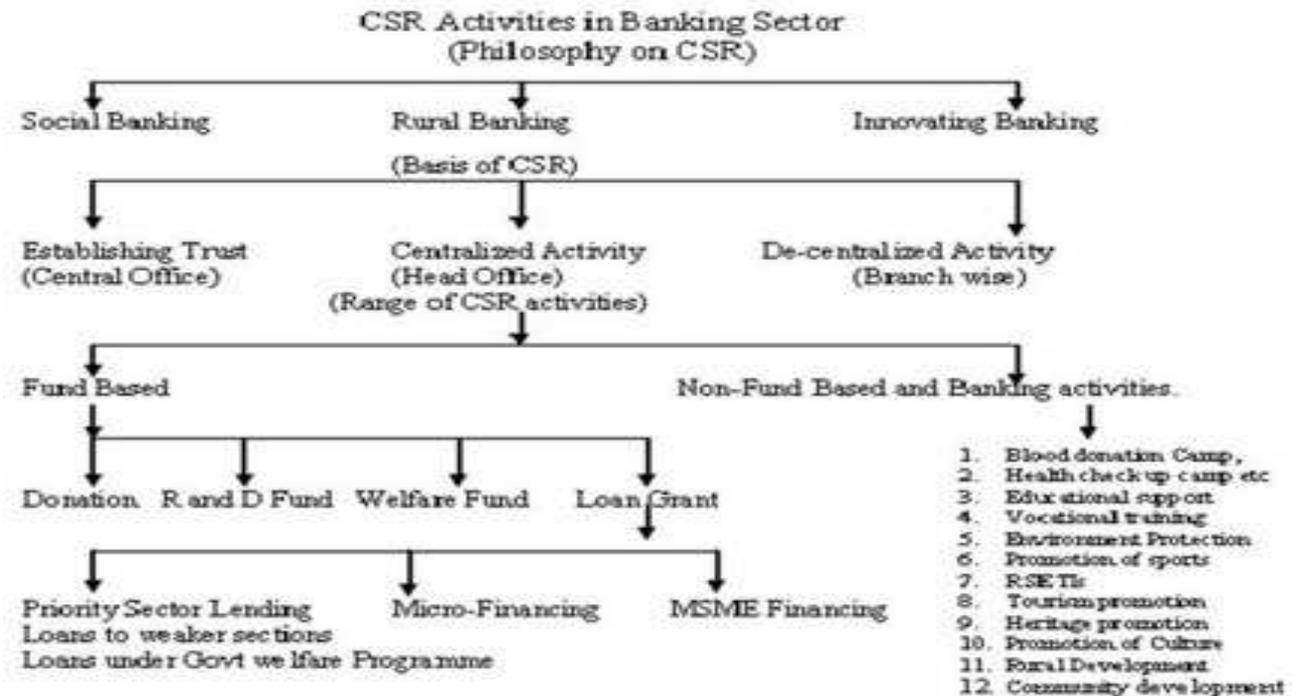


FIGURE: 1

Source: Reinhard Steurer, Discussion Paper 2-2010; The Role of Governments in Corporate Social Responsibility: Characterising Public Policies on CSR in Europe
 1.4 CLASSIFICATION OF CSR ACTIVITIES IN BANKING SECTOR

FIGURE: 2



Source: Corporate Social Responsibility Initiatives of NSE Nifty Companies, (2003)

2. CSR IN INDIAN BANKING

Taking deposits, granting loans and providing complementary services are the core business of banks. No matter what kinds of countries, what kinds of culture, and what kinds of banking products and investors, banks need to be responsible for their customers in a social responsible way.

CSR in India has been slowly developing over the last forty years, but has taken a great leap forward in the last five, and again has been increased with the mandatory stipulations in the Companies Bill 2013.

The study conducted by Chahoud et al., 2007 revealed that corporate social responsibility in India, is still characterized mainly by philanthropic and community development activities and Indian companies and stakeholders have begun to adopt some aspects of the mainstream agenda, such as the integration of CSR into their business processes and engagement in multistakeholder dialogues. To describe the current state and future prospects of CSR in India, Sundar (2000) divided the development of CSR into four phases based on the country's political and economic background.

Study conducted by Suman Kalyan CHAUDHURY and other (2011) stated that "To highlight the role of banks in corporate social responsibility the RBI circulated a notice on December 20, 2007 for all the scheduled commercial banks, with title "Corporate Social Responsibility, Sustainable Development and NonFinancial Reporting – Role of Banks". Major issues discussed in the notice were regarding Corporate Social Responsibility, Sustainable Development, and NonFinancial Reporting. Briefing about the corporate social

responsibility program to other member commercial banks RBI followed many international initiatives to highlight the importance of this notice like United Nations Environment Program Finance Initiative (UNEPFI), Global Reporting Initiative (GRI), International Finance Corporation, The Equator Principles, and Declaration on Financial Institutions. Apart from these international initiatives, RBI report also talked about other important and urgent issues regarding global

warming & extent of problem, the economics of climate change, the Happy Planet Index, the Kyoto Protocol etc and requested to implement the same earnestly and sincerely. In the context of Indian banking sector very little systematic documentation of CSR initiatives is available so far.” Hence, an effort is made in this paper to present detailed CSR initiatives of Indian banking sector.

3. GUIDELINES ON CSR FOR PUBLIC ENTERPRISES

The Department of Public Enterprises had issued Guidelines on Corporate Social Responsibility (CSR) for CPSEs in April, 2010 which have been issued formally to the Ministries/Departments for compliance in the Central Public Sector Enterprises (CPSEs) under their administrative control. Following are the salient features of guidelines on CSR & Sustainability:

- (i) Corporate Social Responsibility and Sustainability is a company's commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical.
- (ii) In the revised guidelines, CSR and Sustainability agenda is perceived to be equally applicable to external and internal stakeholders, including the employees of a company, and a company's corporate social responsibility is expected to cover even its routine business operations and activities. CPSEs are expected to formulate their policies with a balanced emphasis on all aspects of CSR and Sustainability – equally with regard to their internal operations, activities and processes, as well as in their response to externalities.
- (iii) In the revised guidelines CSR and Sustainable Development have been clubbed together in one set of guidelines for CSR and Sustainability because of close linkage between the two concepts.
- (iv) Public Sector enterprises are required to have a CSR and Sustainability policy approved by their respective Boards of Directors. The CSR and Sustainability activities undertaken by them under such a policy should also have the approval/ratification of their Boards. Within the ambit of these guidelines, it is the discretion of the Board of Directors of CPSEs to decide on the CSR and Sustainability activities to be undertaken.
- (v) The financial component/budgetary spend on CSR and Sustainability will be based on the profitability of the company and shall be determined by the Profit After Tax (PAT) on the company in the previous year.

TABLE 1

PAT of CPSES in the Previous year	Range of the Budgetary allocation for CSR and Sustainability activities (as % of PAT in previous year)
(i) Less than Rs. 100 crore	3%-5%
(ii) Rs. 100 crore to Rs. 500 crore	2%-3%
(iii) Rs. 500 crore and above	1%-2%

Source: companies Bill 2013

4. OBJECTIVES OF THE STUDY

The objective of this research paper is to focus the CSR practices of different private and public sector commercial banks in India. The researchers have identified some specific objectives to achieve these fundamental objectives which are given as follows:

1. To acquire subjective perceptions about various CSR Activity of private and public sector commercial banks in India.
2. To find out the major areas where CSR activities are performing by private and public sector commercial banks in India.
3. To compare and analyze the contribution of CSR activities of private and public sector commercial banks in India.

5. RESEARCH METHODOLOGY

The study is based on the secondary data collected from the annual reports of the selected banks. For the study 20 banks has been selected for the study out of top 100 companies on the basis of net sales for the financial year 2012-13. From the literature review the following 10 variables or major areas have been identified to assess and compare the corporate social responsibility intervention of the banks.

TABLE 2

S.No	Variable	Variable Code
1	Education/training	E&T
2	Health care/blood donation	H&B
3	Skill enhancement	SE
4	Livelihood and financial inclusion	LFI
5	Environment Protection	EP
6	Child welfare / Women Empowerment	C&WE
7	Disaster management	DM
8	Sports	SP
9	Community welfare	CW
10	Others	OTH

Source- India CSR report – published by SRRF NGO August-2013

6. DATA INTERPRETATION

6 COMPARISON OF SELECTED PRIVATE AND PUBLIC SECTOR COMMERCIAL BANKS OF INDIA AS PER THEIR PARTICIPATION IN VARIOUS CSR ACTIVITIES

The banking sector of INDIA has a long history of involvement in benevolent activities like donations to Different charitable organizations, to poor people and religious institutions, city beautification and patronizing art & culture, etc. Recent trends of these engagements indicate that banks are gradually organizing these involvements in more structured CSR initiative. The researchers have selected ten special areas of CSR practices and made a comparison between the banks. For such comparison, the researchers assumed the selected areas of CSR to be 100% and it is shown following table-2.

TABLE 3

S.N	Bank name	E&T	H&B	SE	LFI	EP	C&WE	DM	SP	CW	OTH	100%
1	SBI	1	1	0	0	1	0	0	0	1	1	50
2	ICICI	1	1	0	1	0	0	0	0	0	1	40
3	HDFC	1	1	1	1	0	0	0	0	0	1	50
4	AXIS	1	1	0	1	0	0	0	0	0	1	40
5	CANARA	1	1	1	0	1	1	1	0	1	1	80
6	BOB	1	1	1	1	1	0	0	0	0	1	60
7	CBI	0	1	1	1	0	1	0	0	0	1	50
8	KOTAK MAHINDRA	1	1	1	1	0	0	0	1	0	1	60
9	OBC	1	1	0	0	0	0	0	0	0	1	30
10	PNB	1	1	1	1	1	0	0	0	1	1	70
11	IOB	1	1	0	1	0	1	0	0	0	0	40
12	BOI	1	1	1	1	0	0	0	1	0	1	60
13	UBI	1	1	1	1	0	0	0	0	0	1	50
14	UCO	1	1	0	0	1	0	0	0	0	1	40
15	INDIAN BANK	1	1	0	0	1	0	0	0	0	0	30
16	ALLAHABAD BANK	1	1	0	0	0	0	0	0	0	1	30
17	ANDHRA BANK	1	1	0	0	0	0	0	0	0	0	20
18	CORPORATION BANK	1	1	1	1	0	0	0	0	0	1	50
19	IDBI	0	0	1	1	1	0	0	0	0	0	30
20	SYNDICATE	1	0	1	0	0	0	0	0	0	1	30
Total score activity wise (100%)		90	90	55	60	35	15	5	10	15	80	

(Here, 1=yes=10% and 0=No=0%.)

Source: India CSR report –published by SRRF NGO August-2013

From the above table, it is clear that CANARA BANK covers the more areas than the other commercial banks and its percentage is 80% out of 100%. It also indicates, CANARA BANK practices CSR in diversified areas of the society. PNB bank has also a good contribution to CSR and deal with different areas of CSR. The rest of the private and public sector commercial banks have also contribution to CSR which is less than 70%. This makes a clear picture that the banks are not concerned with all the areas of CSR including Health care/blood donation, Skill enhancement, Livelihood and financial inclusion, Environment Protection, Child welfare / Women Empowerment, Disaster management, Sports, Community welfare. They are very much concerned only about three or four areas. Although, most of the banks are giving more priority on education, Blood donation and skill enhancement, there are many important areas which should also be considered.

FIGURE-3

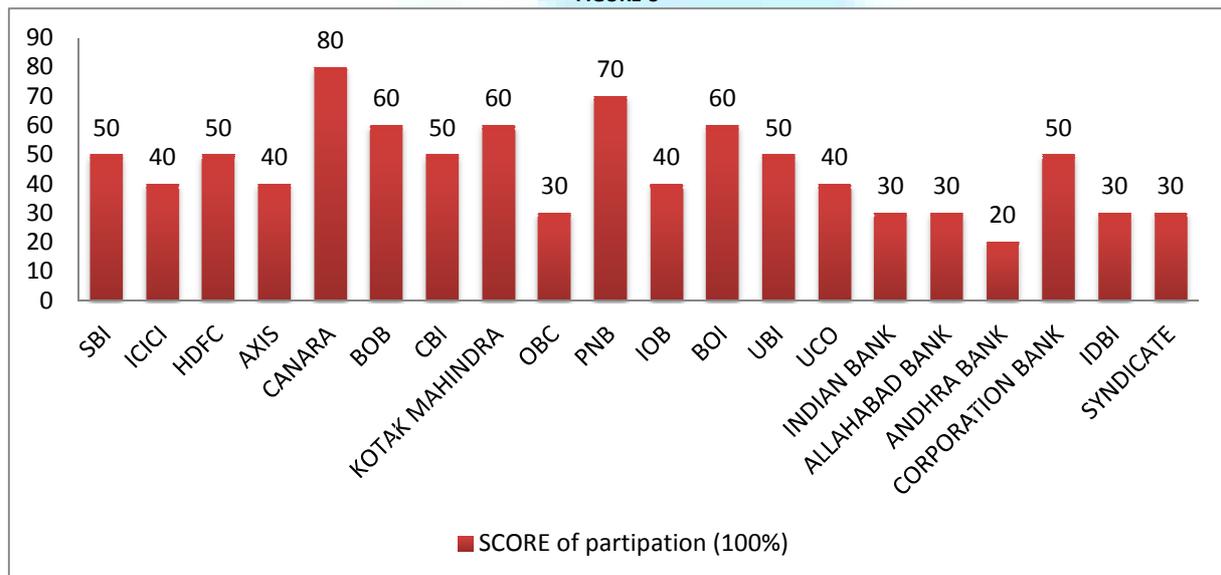
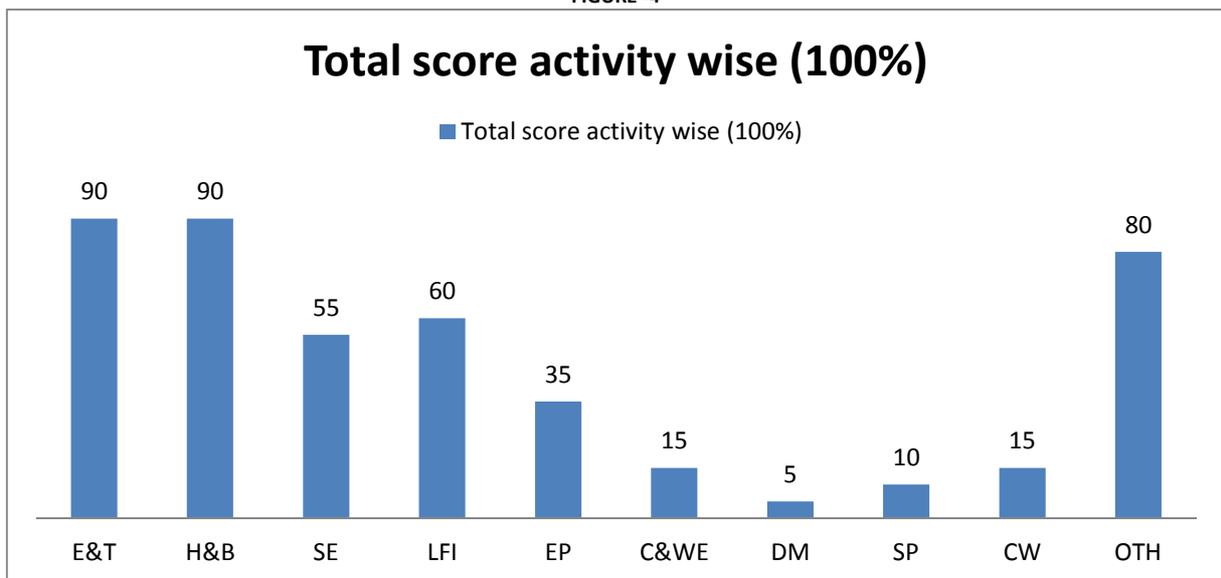


FIGURE -4



Interpretation: Above Graph gives the total score of each CSR activity for the year 2012-13 for selected public and private sector banks. It can be seen from the graph that in the year 2012-13, the highest score i.e. 90%, was obtained by Education and training (E&T) activity, while the lowest score i.e. 5, was obtained by Disaster management (DM) activities by the banks. It shows that from the above selected banks 90% banks are involving in Education and Health area for the society welfare.

6.1 TRANSPARENCY

SCORE CARD (FINANCIAL YEAR 2012-13)

One of the major problems faced while undertaking this study is the lack of due disclosure by the Banks either in the published accounts or on their websites of the amount being spent on CSR. This fact has also been stated categorically by a CSR data compilation report by Forbes India magazine and NGO SRRF Reports.

TABLE 4

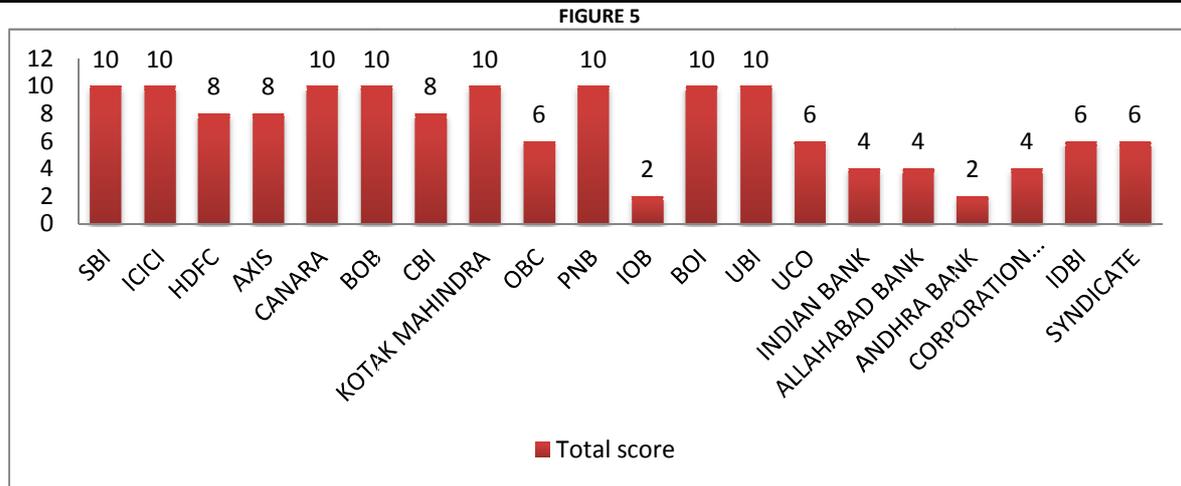
S.N	Bank name	CSR strategy disclosed	CSR Amount /% disclosed	CSR Information available on website	Activities for the year disclosed	BRR released	Total score
1	SBI	YES	YES	YES	YES	YES	10
2	ICICI	YES	YES	YES	YES	YES	10
3	HDFC	YES	YES	YES	NO	YES	8
4	AXIS	YES	YES	YES	NO	YES	8
5	CANARA	YES	YES	YES	YES	YES	10
6	BOB	YES	YES	YES	YES	YES	10
7	CBI	YES	YES	YES	YES	NO	8
8	KOTAK MAHINDRA	YES	YES	YES	YES	YES	10
9	OBC	NO	YES	YES	YES	NO	6
10	PNB	YES	YES	YES	YES	YES	10
11	IOB	NO	NO	YES	NO	NO	2
12	BOI	YES	YES	YES	YES	YES	10
13	UBI	YES	YES	YES	YES	YES	10
14	UCO	NO	YES	YES	YES	NO	6
15	INDIAN BANK	NO	YES	YES	NO	NO	4
16	ALLAHABAD BANK	NO	NO	YES	YES	NO	4
17	ANDHRA BANK	YES	NO	NO	NO	NO	2
18	CORPORATION BANK	NO	NO	YES	YES	NO	4
19	IDBI	YES	NO	YES	YES	NO	6
20	SYNDICATE	YES	NO	YES	YES	NO	6

(Here, yes=2 marks and No=0 marks.)

Source: India CSR report –published by SRRF NGO August-2013

INTERPRETATION

- Based on above criteria, It was observed that out of top 100 corporate there are only 20 banks who got a transparency score. In the above table is much cleared that mostly are the public sector banks in to 100 corporate. SBI ,Canara, BOB, BOI, UBI and PNB have scored 10 out of 10, and others scores indicating a large number where transparency is weak.
- It is pertinent to note that there are very few banks who have disclosed; amount contributed towards CSR. In some annual reports even amount is not mentioned, but only percentage has been mentioned. There appears to be huge variation in this disclosure among the Public and private sector banks, who have disclosed this information. Generally banks are more specific but in the field of CSR most of the Banks are doing window-dressing.



6.2 THE PROFIT-AFTER-TAX (PAT) AND CSR SPEND AMOUNTS ARE IN INR (Cr.) (FINANCIAL YEAR 2011-12)

“The proposed Companies Bill, 2013 has been passed by the Lower House of the Indian Parliament and is pending with the Upper House. Once enacted, it is expected to cover more than 2,500 companies in India. Rough calculations indicate that there could be an annual CSR budget of INR 12,500 to INR 15,000 crores for CSR once the Bill is enacted. It is imperative that the Companies Bill will be a game changer and infuse new investments, strategic efforts and accountability in the way CSR is being conceived and managed in India. (Source- Report of global CSR summit by PHD chamber 2013)

FIGURE-6



Source: Report global CSR summit 2013 pub. By PHD chamber

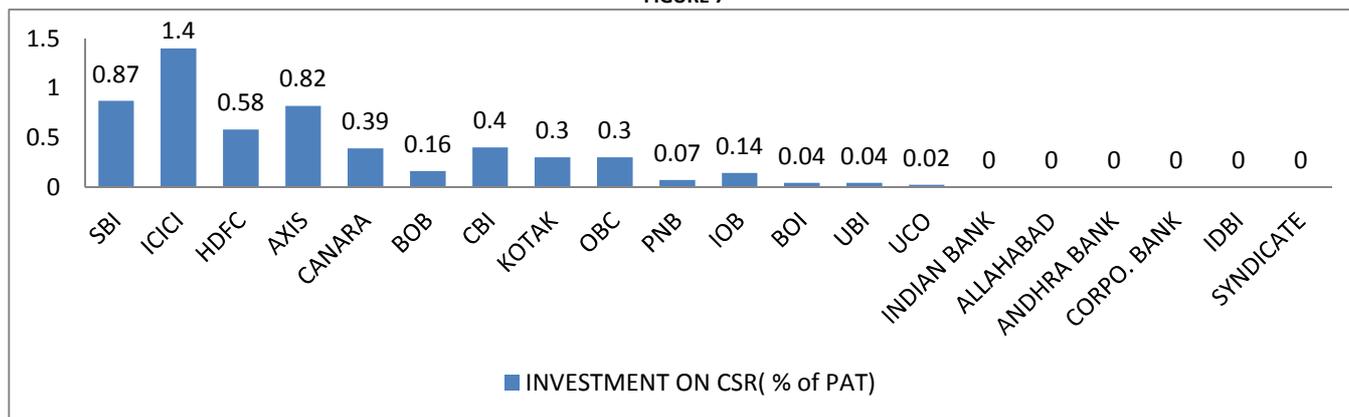
The Companies Bill have opened a new opportunity for all the stakeholders including the corporate sector, government, not for- profit organizations and the community at large to evolve innovative ways to synergize efforts and contribute toward equitable social and economical development”.

TABLE 5

S.n	Name of the bank	Financial Year 2011-12			Financial Year 2012-13			% Change in PAT	Variance % CSR (2012-13)	CSR variance rank (lower to Higher)
		PAT	CSR Spend	2% of PAT	PAT	CSR Spend	2% of PAT			
1	SBI	13056	71	261.1	14105	123.3	282.10	+8.03	-56.3	2
2	ICICI	6366	24	127.3	8325	116.5	166.50	+30.77	-30.0	1
3	HDFC	4108	NA	82.16	15491	89.8	309.82	+277.1	-71.0	4
4	AXIS	3347	19	66.94	5179	42.4	103.58	+54.74	-59.1	3
5	CANARA	3313	NA	66.26	2872	11.30	57.44	-13.31	-80.3	6
6	BOB	4262	NA	85.24	4481	6.99	89.62	+5.14	-92.2	9
7	CBI	860	NA	17.2	1260	5.0	25.20	+46.51	-80.2	5
8	KOTAK	0	NA	0	1361	4.09	27.22	NA	-85.0	7
9	OBC	1260	NA	25.2	1328	3.92	26.56	+5.40	-85.2	8
10	PNB	4460	NA	89.2	4748	3.24	94.96	+6.46	-96.6	11
11	IOB	943	5	18.86	1050	1.50	21.00	+11.35	-92.9	10
12	BOI	2301	NA	46.02	2749	1.10	54.98	+19.47	-98.0	12
13	UBI	0	NA	0	2132	.76	42.64	NA	-98.2	13
14	UCO	1009	NA	20.18	2829	.62	56.58	+180.4	-98.9	14
15	INDIAN BANK	1678	NA	33.56	1749	NA	34.98	+4.23	NA	NA
16	ALLAHABAD	1486	NA	29.72	1521	NA	30.42	+2.36	NA	NA
17	ANDHRA BANK	1207	NA	24.14	1388	NA	27.76	+15.00	NA	NA
18	CORPO. BANK	1373	NA	27.46	1443	NA	28.86	+5.10	NA	NA
19	IDBI	1532	NA	30.64	2309	NA	46.18	+50.72	NA	NA
20	SYNDICATE	1059	NA	21.18	2206	NA	44.12	+108.3	NA	NA

Source: India CSR report –published by SRRF NGO August-2013

FIGURE 7



INTERPRETATION

- Figure 6 suggest that in India there are more than 90% companies out of to 100 companies including banks who are not disclosing investment on CSR and investing less than 2% of PAT.
- Figure 7 shows the position of banking institutions in terms of CSR spending for the financial year 2012-13. Only four banks are allocating more than 0.5% on CSR. Out of these four banks, **three banks are from private sector commercial banks**. This is indication of poor involvement of public sector banks in CSR in terms of monetary fund.
- Table no 4 suggested, % change in PAT for last two financial years. Data shows that PAT has been increased drastically in last two financial years of Top public and private sector banks. But there is a negative variance in CSR involvement for every bank. This is clear indication of involvement of banks in non-fund based activities in the area of CSR.**
- To meet the new CSR bill requirement, Banks has to make new plan and policies for sustainable development.

7 FINDINGS AND CONCLUSION

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. Even after the RBI's guidelines for financial literacy programs the banks have not taken substantial steps in this direction. Moreover, the public sector banks have overall highest contribution in CSR activities. Private sector banks are still lagging in this area.

Banks are usually judged from the point of view of their financial performance but this Study has explored a new dimension for analysing the performance of banks. 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 at the top in CSR activities but not meeting 2% criteria of new CSR bill regulations. Most of the banks are not disclosing their CSR investment for the financial year in annual reports.**

This study might valuable for commercial banks to understand their own position among the overall banking sector and also it is important for policymakers to judge the banking performance from the angle of corporate social responsibility.

It should be made compulsory for the corporate operating in India further appropriate authority should ensure mandatory requirement of a certain specific percentage of net profit for pursuing CSR activity every year and also needs to be instructed to publish CSR report annually as per specific format designs by regulator.

Thus it can be suggested that for effective use of CSR amount there should be a regulatory mechanism or authority governed by RBI which not only monitor the allocation but also see the amount required to be transfer for the CSR purpose.

However, a number of limitations of this study could be identified. First, the study is limited to a sample of 20 Indian banks hence more evidence is needed on the CSR activities before any generalization of the results can be made. Second, the data was collected only for the year 2012-13 and hence the results of the study cannot be assumed to extend to different study periods. The study has a scope of further research where the CSR performance of banks can be related to financial performance of the banks.

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