

## **Corporate Social Responsibility: A Comparative Analysis between SBI & ICICI Bank in India**

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### **Abstract**

*In the development of nation banking industry has a greater role, not only as building the financial system of the nation but also by contributing towards the society. Corporate social responsibility becomes an essential part for the success of any corporation. In order to sustain in this cut throat competitions, every corporate has to perform its responsibility towards society as it integrates economic, social, ethical and environmental objective of business while addressing the expectation of stakeholders. This paper aims to study the CSR activities done by private and public bank and compare the CSR spending by the sample bank from the year 2008-09 to 2018-2019. It has been found that after mandatory implication of CSR by companies' ACT 2013, the banks are spending more and reported the CSR activity in an organised manner.*

*Keywords: Economic, Social, Ethical, Environmental and financial system*

### **Introduction**

In the 21<sup>st</sup> century, corporate are passing through a lot of unprecedented challenges and competitions on the way of their survival and the diversification process. With the advent of globalization and rapid information penetration in the market, the domestic corporate seek new and innovative strategies for their sustainable operations. Corporate Social Responsibility has become a buzz word in the contemporary business world. Corporate Social Responsibility means the moral responsibility of corporate to perform some welfare activities towards its stakeholders and society as large. In short it is what a business does over and above the statutory requirements of the business for the societal benefit. Corporate Social Responsibility also referred as Sustainable Responsible Business which is a form of business model integrates with the corporate self-regulation. Though the nation has been developed by the industrialization and commercialization of service sector but at the opposite side, it uses the non- renewable energy, causing global warming and greenhouse effect and harming the upcoming generation by raising the levels of waste. CSR concept is acknowledged by budding apprehension for ecological and environmental protection, sustainability, and efficient use of natural resources. The mandatory implication of performing CSR has gained its momentum than previous era where it is done in voluntarily. In order to sustain in this cut throat competitions, every corporate has to perform its responsibility towards society as it integrates economic, social, ethical and environmental objective of business while addressing the expectation of stakeholders. Gone are those days where the corporate role has been understood in terms of a commercial business paradigm which focuses on economic parameter of success, right now corporate role has been broaden in terms of societal context. Corporate not only have to satisfy its economical objective but also it has to satisfy all the stakeholders in an ethical and socially manner. It is no longer fashionable rather it is an essential business requirement to be socially responsible, as the success of any corporation depends upon its stakeholder i.e. Society at large. Corporation gets its input from the society in return of that it has the moral responsibility to return back in terms of betterment towards the society. This is called Corporate Social Responsibility.

### **Objective of Study**

- To study the CSR initiatives done by leading public sector and private sector bank.
- To compare the CSR spending of SBI and ICICI from 2008-09 to 2018-19.

### **CSR and Indian Banking Company**

In the progress of economy, banking sectors plays an important role by integrating financial as well as social contribution for the upliftment of the economy. The performance of banking sector should be measured not only through financial parameters but also through the CSR performance of banks. The regulatory bodies like SEBI, RBI, MCA, ICAI etc. are made guidelines and expand the horizon of the concept Corporate Social Responsibility. With the various reforms, the most prominent and significant reform was new companies act 2013 which lead India as the first country to legalise and mandatory CSR spending along with mandatory business responsibility reporting for some specified corporate through company law. With regards to highlight the CSR performance of banking sector RBI issued a circular on 20<sup>th</sup> December, 2007 for all the scheduled commercial banks except RRB emphasized on the roles of bank in Corporate Social Responsibility, Sustainable Development and Non-Financial Reporting. RBI also suggested to disclose the details about sustainability goals and targets achieved till date to the shareholder as well as to the public in their annual report (RBI ,2007, DEC 20). With the implementation of Companies Act 2013, there is mandatory obligation of at least 2% spending on CSR of their average three years annual profit towards the CSR activities for certain class of banks. It has been seen that the Government role is not satisfactory to weightlifting the problems of the underprivileged people of the society. As a result, the government of India made compulsion of CSR for certain category of corporate. In recent times banking sector began to ensure socially responsible in a structured way. The Indian banking sector performs its CSR by addressing the financial inclusion and providing services to untouched area of country by concentrating on the activities like rural development, eradication of poverty, development of health and sanitization, financial literacy and employment training, infrastructure development, education etc. In the developing country like India, financial sector is of utmost importance for attaining the sustainable development as well as for socio-economic development. The financial sector discharges the social responsibility towards the less fortunate and deprived section of the society and contributes to the goal of financial inclusion. There is a need of integration of the social and environmental apprehension with the business operation. The main drive of banking sector are public sector and private sector bank in the thrust area like poverty eradication, rural development, women empowerment, health care, education, vocational training, employment, and infrastructure development.

### **Recent Initiatives By Indian Banks**

With the intention of addressing the ecological and environmental concerns, establishment of energy efficient building has been decided by the RBI. The bank building situated at Bhubaneswar and New Delhi has been awarded as the first star rating labels by Bureau of Energy Efficiency.

**State Bank of India (SBI)** implemented green banking initiatives in its lending operations. It also reduces own carbon footprints and reduce the carbon emission practices by sensitizing the bank employee to fight against Global warming.

**Small Industry Development Bank of India (SIDBI):** MSMEs introducing energy saving projects and implementing pollution control measures are provided low and substantial credit by the SIDBI.

**ICICI** bank protracted support to clean technology projects and shows its obligations towards the corporate environmental stewardship. This bank liberalised the credit for zero emission vehicles.

**INDUSTRIAL DEVELOPMENT BANK OF INDIA(IDBI)** joins the hand with the smile foundation for social development initiatives.

**YES bank** joins the hand with the CARE India, which is working as an NGO for the humanitarian relief and development. India's first social deposit account has been launched by YES Bank which is the fixed deposit account where customer have the choice to give their interest income of the deposit for the help of society by the help of CARE India.

**Axis bank** contributes to the areas of education and health care. It provides educational support through various programmes. A programme named 'Balwadis' was founded by the Axis bank focusing on 2-6-year child for childhood programmes.

**HDFC Bank** provides non formal vocational and technical educations to enable sustainable employment and generation of income for unprivileged section of society.

### **CSR Practices With Special Refernce To SBI**

In Indian banking system, State Bank of India has been pioneering in Corporate Social Responsibility. The concept of Corporate Social Responsibility was introduced by SBI in the year 1973, in the name of "Innovative Banking" which assisting the weaker and downtrodden sections of the society by providing avenues for the improvements of their economic conditions. It involves in the activities like blood camp, health camp, adult literacy, tree planting etc. COMPANIES ACT 2013, mandating corporations to keep aside at least 2% of the profit as CSR spending for the social activities. But State Bank of India, follows the guideline provides by the RBI i.e. 1% of profit should keep aside for CSR spending.

SBI has an inclusive CSR policy which is approved by its Board. The main focus areas of CSR activities of SBI are provide assistantship for education, entrepreneurial growth through skill development programme, health and sanitization, assistance to the poor and deprived people of society, to protect environment, support clean energy and to support in natural disasters. Under CSR activity SBI donated a school bus to Ramakrishna Math Saradha Vidyalaya, Madurai. It has also donated an Ambulance van to Sacred Heart Hospital, Tuticorin. SBI set aside 117.07 crore which is the 1% of SBI's previous year profit for corporate social responsibility activities for the F.Y. 2012-13. During the current financial year, in spite of loss in the previous year SBI has spent 22.7 crore as CSR activities which is 2.03% of the profit. The Bank has provided financial assistance to needy and service organisations 300 Ambulance vans, gave 42000 water purifier and 1,40000 ceiling fans to more than 50,000 schools. Under the health care activities SBI provides 14 crores to hospital in the form of medical equipment. It provides funds to the Chief Ministers Relief fund to the state affected by natural calamities like Assam, Sikkim, Uttarakhand, Maharashtra, Kerala etc. During the F.Y.2018-19 SBI has made donation of 5 crore towards the Kerala floods. Bank also donated 1.24 crore under CSR towards the Health care and Sanitation. SBI'S Children's Welfare scheme has been constituted as a trust by SBI where employee of SBI as well as Bank give equal contributions which will be utilised in the welfare of unprivileged children like orphan, destitute, challenged and deprived child. In the year 2018-19 it has donated 0.49 crore to 6 institutions. The total CSR spend of SBI foundation for F.Y. 18-19 is 16.86 crore. A total of 10814 trees have been planted in the villages.460 youth have been trained at SBI RSETIs. Around 1.21 lakh has been loaned to 11 youth by NGOs to help them create their livelihoods.2372 toilets were constructed with the support of government schemes and community contributions. It also works for digitalisation.37 villages enabled with wi-fi community information centre, 38 schools have digital class room and computer learning centre.

### **CSR Practices with Special Reference To ICICI**

Corporate Social Responsibility has been a long-standing commitment and an integral part of ICICI bank. It contributes towards social sector development through the involvement of stakeholders of bank and the society. ICICI Foundation has been established for inclusive growth and to give financial assistance to specific projects. The objective of Bank is to identify the needy area here there is a requirement for investments and intervention which can lead to prosperity and growth in India. CSR Policy of the bank sets out the framework for guiding the CSR activities. The banks primary focus areas are:

**Education:** The Bank directly as well as through the ICICI Foundation improve the quality of education in government and municipal schools. ICICI Bank focusing on capacity -building programme in the finance and management discipline. In the F.Y. 2018-19, ICICI Bank spent 159.1 million for promoting education

**Healthcare:** The bank and ICICI Foundation focus on the improvement in the healthcare and developing the innovative models. In the current year 105.23 million spent for promoting preventive health care and sanitation and making available of safe drinking water.

**Skill Development & Sustainable Livelihoods:** It also work on skill development of the youth through which youth can be employable. It spent 2125 million in promoting education, employment, enhancing vocational skills, livelihood enhancement project.

**Financial Inclusion:** Through the Disha trust it promotes financial literacy among the people. In the year 2018-2019 it spent 91.2 million for the education and financial literacy.

**Rural Development:** Through the direct investment from the bank it has spent 4796 million in the development of rural area and activities related to this.

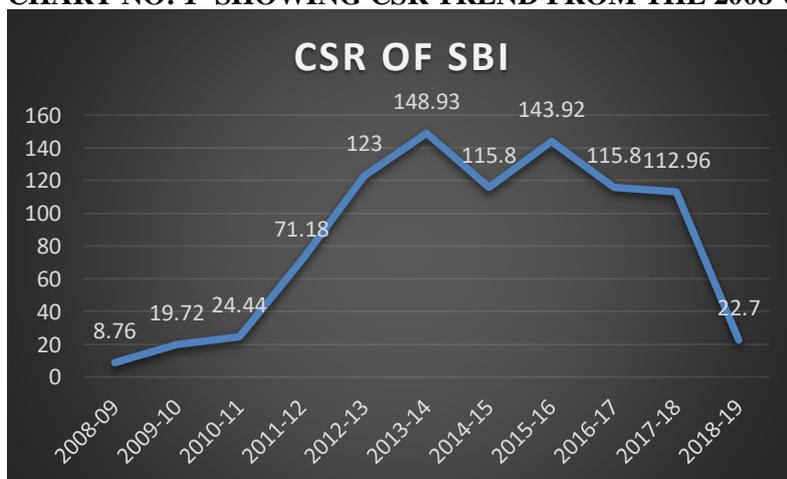
**DATA ANALYSIS & INTERPRETATION**

**TABLE NO: 1 -SHOWING PAT AND CSR EXPENDITURE of SBI FROM 2008-09 to 2018-19**

SBI	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-2011	2009-2010	2008-2009
PAT(in CRORE)	862	6547	10484	9951	13102	10891	14105	11707	8265	9166	9121
CSR SPEND( in crore)	22.7	112.96	115.8	143.92	115.8	148.93	123	71.18	24.44	19.72	8.76
% of PAT SPENT ON CSR	2.63	1.73	1.10	1.45	0.88	1.37	0.87	0.61	0.30	0.22	0.10

SOURCE: ANNUAL REPORT OF SBI

**CHART NO: 1- SHOWING CSR TREND FROM THE 2008-09 to 2018-19**



SOURCE: TABLE 1

The table no 1 and chart 1 depicts that CSR expenditure gradually increase from the year 2008-09 to 2013-14. The highest expenditure was made in the year 2013-14 I.e. 148.93cr. The loss in the year

2017-18 impacted its CSR expenditure in a negative way which can be shown from the declining trend line of CSR expenditure.

**TABLE NO:2-SHOWING PAT& CSR EXPENDITURE OF ICICI BANK FROM 2008-09 to 2018-19**

ICICI	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-2011	2009-2010	2008-2009
PAT( IN CRORE)	3363	6777	9801	9726	11175	9810	8325	6465	5151	4025	3758
CSR SPEND	92.2	170.38	182	74.39	52.33	27.43	20.21	7.59	11.29	10.79	10.7
% OF PAT SPENT ON CSR	2.74	2.51	1.86	0.76	0.47	0.28	0.24	0.12	0.22	0.27	0.28

Source: Annual report of ICICI Bank

**CHART :2 SHOWING CSR EXPENDITURE TREND OF ICICI**



SOURCE: TABLE 2

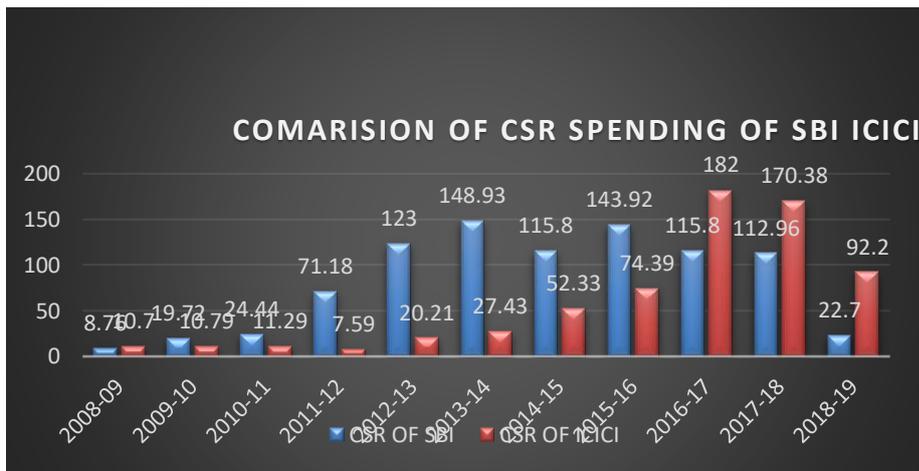
The table no 2 and chart no 2 shows there is an increase trend in the CSR expenditure over the years from 2008-09 to 2018-19. After the mandatory implication by companies act 2013, the CSR expenditure OF ICICI Bank is increasing. In the year 2016-17 it has been seen that there is highest amount of csr activity done by the ICICI Bank as the average profit of last 3 proceeding year is highest in the comparison to other years

**Table 3- SHOWING COMPARISION OF CSR EXPENDITURE BETWEEN SBI BANK &ICICI BANK**

**SOURCE: ANNUAL REPORT OF RESPECTIVE BAN**

**CHART:3- SHOWING CSR EXPENDITURE OF SBI& ICICI**

YEAR	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
CSR OF SBI	8.76	19.72	24.44	71.18	123	148.93	115.8	143.92	115.8	112.96	22.7
CSR OF ICICI	10.7	10.79	11.29	7.59	20.21	27.43	52.33	74.39	182	170.38	92.2



**SOURCE: TABLE 3**

The amount spent on CSR is showing increase trend in ICICI bank where as in case of SBI it is increased from the year 2008-09 to 2013-14 then it is in decreased in 2014-15 by 33.13cr then it is again increase by 28.12 crore in the year 2015-16.from the year 2013-14 the ICICI bank spends more in comparison to SBI.

**Findings & Conclusion**

From the analysis of SBI and ICICI bank it has been found that both of the bank is spending more from the year 2013-14 (from which the CSR expenditure is mandatory).

- The average csr spending before mandatory implication of SBI was 49.2 crore where as after 2013-14 it is 102.23 crore.
- ICICI Bank also spends more in social activity from the year 2013-14. Its average csr spending after mandatory implication was 114.26 crore in comparison to before mandatory implication which was 12.11crore.
- It has been seen that though ICICI bank was private sector it expends more on social activity than the SBI after the implication of companies act 2013
- The reason of decreasing amount of csr spending of SBI was its low profit and the NPA.

**Conclusion**

Although in India, the banking institutions is screening curiosity in assimilating sustainability with their business models, reporting of CSR is not done by most of the banks. Reporting the banking activities on triple bottom line principle is not followed by majority of banks. Most of the banks not defined clearly the CSR philosophy they are just using CSR as a marketing instrument. Socio environmental viability of project should be checked on by bank before giving finance to the project. Indian banking sector should integrate the CSR with its business philosophy as an integral part of their operation and activity. By integrating triple bottom line principle, the bank can be socially

responsible. Financial institution is medium to achieve sustainability and capable of assisting towards social responsibility in a justifiable manner.

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