



## A COMPARATIVE STUDY OF THE PUBLIC AND PRIVATE SECTOR BANKS CONTRIBUTION IN CSR

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### ABSTRACT

*Companies Act 2013 has introduced several new provisions which change the face of Indian corporate business. One of such new provisions is Corporate Social Responsibility (CSR). The concept of CSR rests on the ideology of give take resources in the form of raw materials, human resources etc from the society. The objective of the paper is to explore the major area of CSR initiatives in public and private bank in India. In total there are 10 private sector and 10 public sector banks were taken for the study.*

**Keywords:** - India, Corporate Social Responsibility (CSR), Private Sector

### Introduction:

Corporate social responsibility refers to the voluntary activities undertaken by an organization to operate in an economic social and environmentally sustainable manner. CSR aims to embrace responsibility for corporate actions to encourage a positive impact on the environment and stakeholders including consumers, investors, communities, and others

### Provisions under the companies Act, 2013:

India's new Companies Act 2013 has introduced several new provisions which change the face of Indian corporate business". Companies Act 2013 has introduced several new provisions which change the face of Indian corporate business. One of such new provisions is Corporate Social Responsibility (CSR). The concept of CSR rests on the ideology of give

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take resources in the form of raw materials, human resources etc from the society. By performing the task of CSR activities, the companies are giving something back society.

Section 135 of the Companies Act provides the threshold limit for applicability of the CSR to a Company i.e

- (a) Net worth of the company to be Rs 500 crore or more;
- (b) Turnover of the company to be Rs 1000 crore or more;
- (c) Net profit of the company to be Rs 5 crore or more;

During any financial year shall constitute a **corporate social responsibility committee** of the board consisting of three or more directors, out of which at least one director shall formulate and recommended to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be understand by the company as specified in Schedule VII, recommend the amount of expenditure to be incurred on such the activities, monitor the Corporate Social Responsibility policy of the company from time to time.

#### **List of activities under Schedule VII of the companies Act 2013:**

Following are the activities which may be included by companies in their CSR policies:

- Eradication of extreme hunger and poverty
- Gender equity and women empowerment
- Reducing child mortality and improving maternal health
- Combating HIV-AIDS, malaria and other diseases
- Environmental sustainability
- Social business projects
- Employment enhancing vocational skills
- Slum area development
- Rural area development
- Promotion of Sports Activities
- Protection of national heritage, art & culture
- Armed Forces Veterans and their Dependents

## Objectives of the Study:

1. To explore the status of CSR reporting practices in public and private bank in India
2. To explore the major area of CSR initiatives in public and private bank in India.

## Research Methodology:

In total there are 10 private sector and 10 public sector banks were taken in context of India.

The period of the study will be (2013-14), (2014-15), (2015-16).

<b>List of Private and Public Sector Banks in India</b>			
<b>Private Sector Banks</b>		<b>Public Sector Banks</b>	
<b>Sr. No.</b>	<b>Bank Name</b>	<b>Sr. No.</b>	<b>Bank Name</b>
1	HDFC Bank	1	SBI
2	ICICI Bank	2	Bank of Baroda
3	Axis Bank	3	PNB
4	Yes Bank	4	Canara Bank
5	IndusInd Bank	5	IDBI
6	Kotak Mahindra	6	Central Bank
7	StanChart IDR	7	Indian Bank
8	Karur Vyas	8	Bank of India
9	Federal Bank	9	Union Bank
10	IDFC Bank	10	IOB

## Data Analysis and Interpretation

Data analysis means the deeply examination of all the gathered data by applying a proper technique and tools the data required to find the results of the study.

### 4.2 Content Analysis:

#### CSR Score of private banks (2013-14 to 2015-16)

Sr No.	Name of banks	2013-14	2014-15	2015-16	Average CSR Score
1	HDFC Bank	2	4	4	3
2	ICICI Bank	3	4	4	4
3	Axis Bank	2	8	9	6
4	Yes Bank	4	5	5	5
5	IndusInd Bank	6	4	6	5
6	Kotak Mahindra	4	5	4	5
7	StanChart IDR	7	5	6	6
8	Karur Bank	9	10	10	10
9	Federal Bank	3	4	8	5
10	IDFC Bank	4	4	4	3

**Interpretation:** A comparative analysis of CSR score of the private banks for the year 2013-14 to 2015-16 has been given in the table. As per the Average CSR score of the banks, the highest score was recorded is 10 of the Karur Vyas Bank . The bank perform the 10 CSR activities from 13 mandatory activities as per Companies Act; 2013. The lowest score achieved by the HDFC and IDFC banks and the score is 3. The banks performs the lowest CSR activities which are mandatory for the banks.

#### **CSR Score of Public Sector Banks (2013-14 to 2015-16)**

Sr. No.	Bank Name	2013-14	2014-15	2015-16	Average Score
1	SBI	3	4	3	3
2	Bank of Baroda	5	4	4	4
3	PNB	4	4	4	3
4	Canara Bank	2	3	1	2
5	IDBI Bank	9	8	8	8
6	Central Bank	7	7	6	7
7	Indian Bank	1	1	3	2
8	Bank of India	5	5	4	5
9	Union Bank	2	3	3	3
10	IOB	9	10	10	10

#### **Interpretation:**

The table shows the comparative analysis of the CSR score of the public sector banks in India. As per the Average Score the highest score is achieved by the IOB. The IOB perform the 10 CSR activities out of 13 mandatory areas as per the Companies Act; 2013 and Schedule vii. The lowest CSR areas are covered by the Canara and the Indian bank. These both the banks perform only 2 activities of CSR.

Further, it is analyzed that there is more scope of the improvement in the CSR areas in the banking sector both in the public and private sector. There is no bank which performs all the mandatory CSR activities. From the 13 CSR activities except the IOB no one bank performs on an average more than 5 activities.

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