

PRACTICES OF CSR IN INDIAN BANKING SECTOR: STUDY ON ATTEMPTS OF HDFC BANK

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ABSTRACT

Nowadays CSR is perceived as the most demanding topics in research area. This paper aims to find out those areas where CSR activities are done. In India, HDFC is the largest private sector bank. This study highlights the main CSR activities done by HDFC. The paper is based on secondary data. This paper is used to find out the importance of CSR activities in present scenario. This paper is more focus on environmental responsibility and social responsibility. This paper's result only related to banking sector its result not related to other financial sector.

Keywords: CSR, Environmental Responsibility, Social Responsibility, Financial Sector.

Introduction

Social Responsibility of business refers to what a business does over the statutory requirement for the benefit of the society. The word "responsibility" means that the business has some moral duty towards the society. CSR, also known as Corporate Social Performance, is a form of corporate self regulation integrated into a business model.

Corporate Social Responsibility is not only for profit-making, but it also includes protecting and contributing to society in various ways for their development. CSR has become an important part of the corporate strategy. It is a concept in which a company combines social concerns with their business operations. Corporate have a responsibility to return back the resources they took from society.

The Companies Act 2013 is a legislation that made India being the first country to mandate CSR. The aspects of CSR are mentioned in Section 135 of the Companies Act 2013. According to the Act every company whether public or private having net worth of Rs. 500 Cr or turnover of Rs 1000 Cr or net profit of Rs 5 Cr must contribute at least 2% of its average net profit for the preceding 3 Financial years as CSR.

Banks are considered to be the lifeblood of the economy. Economic development of a nation can be measured through the performance of Central Banks of the respective nations. CSR in banks became mandatory as per Companies Act 2013.

Literature Review

Mobin Fatma and Zilur Rahman (2014) used a website based study of Indian banks with reference to CSR activities using a website karamyog.org and concluded that CSR is a very important tool for every business organization and explore CSR importance.

Eliza Sharma (2013) mentioned CSR practices of Indian commercial banks in this study used secondary data and find out those areas where CSR activities is done and concluded that public sector banks highest contribution in CSR activities in comparison to private sector banks

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Parthiban, Aiswarya S Sajeev and Dinesh Kumar R (2018) mentioned CSR practices in public and private sector banks in India which are listed in BSE and NSE used trend analysis and find out increasing trend in CSR activities is done by leading private sector banks.

From the above discussion it is clear that commercial banks are fairly involved in the CSR activities. The CSR activities have a positive impact on the financial performance of banks in long term.

- **Research Gap:** Based on the review of literature previous studies have made an attempt to cover corporate social responsibility to pre and post period. But no more studies on performance of private sector banks. In this study to examine the CSR performance of leading private sector banks in India.

Objectives

- To collect the information about CSR actions done by HDFC bank.
- To examine the more focus area on the bank in CSR activities.
- To study the CSR expenditure more on those areas.

Research Methodology

The present study is descriptive in nature. The present study is based on only secondary data. This secondary data has been collected from the websites of different banks and from the reputed journals. This paper covers a detailed case study of HDFC BANK in F.Y. 18-19.

A Case Study on HDFC Bank

The Housing Development Finance Corporation Limited (HDFC) was amongst the first organizations to receive an 'in principle' approval from the Reserve Bank of India (RBI) to set up a bank in the private sector, as part of liberalization of the Indian Banking Industry in 1994.

HDFC Bank commenced its operations as a scheduled commercial bank in January 1995 and is headquartered in Mumbai.

The report captures key economic, environment and social performance indicators and reflects significant achievements of the Bank for FY 2018-19. This report show the social and environmental information of the bank in F.Y.18-19.

Environmental Responsibility

The bank regards climate change mitigation and environmental conservation as essential elements of sustainable business. Bank has many efforts for conservation of environment these efforts are as under:

- **Energy Management:** The bank improves energy efficiency and systematically manages energy use by adopting energy efficient management systems. With installation of energy management module, the bank has been also reduce power consumption by 12% across 600 branches where this has been implemented in F.y.18-19. The energy consumption per employee is 22.6 GJ with is 16% decreases as opposed to 26.88 GJ IN f.y. 17-18.
- **Renewable Energy:** The bank installed a solar panels with capacity of 135.5kwp across Jaipur, Pune, Noida and Bhubaneswar. This has resulted the electricity generated from these solar panels in FY2018-19 was estimated at 162600KWH about 58% more than previous year. Bank use renewable energy in its business operations in the year 2018-19.
- **Emissions and Climate Change:** Climate change can and will affect the way the Bank does business, including impacting its lending portfolio, risk management frameworks and future strategy. In FY 2018-19, there has been a decrease of about 11% in absolute combined Scope 1 and Scope 2 emissions due to the implementation of EnMS and various other energy saving initiatives through the Bank offices and branches. Banks has undertaken various emissions reduction initiatives which include digital banking channels, energy efficiency initiatives and paper conservation measures.
- **Waste Management:** Banks wants to achieve sustainable management and efficient use of natural resources for this bank generated e-waste is disposed through authorized recyclers.
- **Digital banking :** The bank has gone digital resulted reducing the consumption of paper In FY 2018-19 the bank saved more than 51000 sheets of A4 paper by means of automation of approval and payment process within the IT department.

Social Responsibility

The Bank believes that national development happens when its communities are empowered to attain sustainable livelihood. In this regard, the Bank, under its social umbrella of 'Parivartan' is reaching out to communities to make them self-sufficient and empowered. This FY 2018-19, the Bank has spent ₹ 443.8 crore on the development of communities and reached out to more than 5.4 crore beneficiaries in the process.

- **Rural Development:** Holistic rural development programme take various initiatives in rural areas like improving educational infrastructure ,creating access to water for drinking and irrigation, promoting quality education etc

These initiatives are in line with the Adarsh Gaon Abhiyan of the Government of India.HRDP set up over 1200 schools, set up over 460 libraries,5800plus water conservation structures built and 26000plus kitchen gardens created and also helped create food security in 21 villages in uttar Pradesh grain banks.

- **Skills Training and Livelihood Enhancement:** The Bank has been working towards up skilling people and enabling them to earn a living through skills training and livelihood enhancement programmed. The nationwide programmed has benefited over 100000 individuals. The Bank has provided both on-farm training to upskill farmers as well as placement linked training. The Bank's skill development initiatives have helped over 1 lakh individuals and empowered over 7.65 Lakh women, helping them gain access to entrepreneurship and employment opportunities.
- **Promotion of Education:** Education is the key for developing the economy and transforming an individual's life. Three flagship programmed of the bank under theme of Education are zero investment innovations for education initiatives (ZIIIEI); This programmed has potentially benefited more than 1.6 Crore students indirectly.

The second major programmed is project Disha. This project has been able to provide quality education to about 18000 children and it has also built 110 community libraries and set-up 55 science laboratories.

The third major programmed is educational crisis scholarship support were provided 541 students were provided financial support through this programmed.

- **Health Care and Hygiene:** In FY18-19 the bank collected over 3 lakh units of blood in a single day which is nearly 42% higher than previous year.

Health camps have reached out to more than 86000 people. Nearly 4000 camps were held across 1100 cities in India.

Financial literacy and inclusion: To spread financial literacy awareness by conducting workshops to empower the marginalized sections of the society. As on FY 2018-19, the initiative saw more than 8.1 million participants benefit through workshops held at literacy camps and banking outlets.

Conclusion

The study shows that all the banks in India are focused towards the Social Responsibility now-a-days. As it includes a detailed study on a leading private bank i.e. HDFC Bank and it shows the different efforts by the different banks as well. Thus we can conclude that these days the banking industry in India is giving due importance to the Social Responsibility and they try to cater all the important areas to be focused like health, education, sanitation. In a summarized form we can say that CSR activities are an important tool for every business organization to differentiate themselves from their competitive organization. Conclusively, there are some suggestions which are advisable for a better CSR in these banks. First is to enhance and accelerate government's involvement in CSR activities, Second can be noted as development of a broad sector of the consulting in the era of CSR, and lastly media should increase its interest and play a vital role in the era of CSR and banks find out those areas where actually need for their support and provide their support in these areas. Banks should upload their whole activities in their official website. Banks should more focus on rural areas because India's vast population situated in rural areas.

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