

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES OF BANKING INDUSTRY IN INDIA (AN ANALYTICAL STUDY)

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Abstract

Banks in India have been indulging in a lot of activities which they showcase as their contribution in terms of corporate social responsibility. According to Archie B. Carrol an organization has its obligations towards the society, divided in to four parts in the order of importance namely- Economic, Legal, Ethical and Discretionary obligations. It is evident that when the economic, legal and ethical obligations of an organization are fulfilled, only then it should focus on its discretionary social obligations. The main purpose of the study is to analyze the corporate social responsibility (CSR) activities carried out by Indian commercial banks. The study is based on the secondary data taken from the annual reports of the banks for the year 2009-10 to 2011-12. Variables used in the study are: rural branch expansion, priority sector lending, environment protection, community welfare, women welfare, new initiative related to CSR, financial literacy, education and farmers' welfare. 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 requirements. The public sector banks have overall highest contribution in CSR activities. Private sector banks and foreign banks are still lagging in this area.

Keywords: *Commercial banks, Community welfare, Corporate social responsibility, Financial literacy.*

Introduction

According to Friedman (2006) "There is one and only one social responsibility of business- to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud". In contrast to Friedman's statement, Robbins and Coulter (2007) explained that the management's social responsibility goes beyond making profit to include protecting and improving social's welfare of its stakeholders and the environment in which the firm carries out its operations. This statement is based on the belief that corporation are not independent entities responsible only to stockholders. They also have the responsibility to the society that allow their formation through various laws and regulations and support them through

purchasing their products and services (Carroll, 2008). Zain (2008) extending the Carroll's statement said that ethical standards play an important role in a firm's success in the long-run. The social responsibility standards and moral activities by a firm can create a positive rapport between the firm and all its stakeholders.

In the late 1960s and early 1970s, the term "corporate social responsibility or CSR" came into common use. Holmes and Watts (1999) defined CSR as the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. Some researchers argue that corporations make more long term profits by operating with a CSR perspective, while others argue that

CSR distracts from the economic role of businesses. However, Matten & Crane (2005) emphasised that the firms will experience divergent degrees of internal, external and lateral pressures to engage in CSR, as firms are embedded in different national business systems.

Recently the CSR has gained much attention in the corporate world. As explained by Hertz (2012), earlier it was a form of capitalism that put much more emphasis on what we owned, on whether we had a Gucci handbag for example, than on things like the quality of our environment, the quality of the air we breathe, the kind of healthcare we have, what makes us content and happy. She called it Gucci capitalism and predicted that the gradual demise of Gucci capitalism will be followed by a new era of responsible capitalism called Co-opt capitalism. The idea of Co-opt capitalism is that the community matters over individual and co-operation matters over competition.

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 semi urban 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.

Review of Literature

This section provides a review of the theoretical literature on CSR activities in banking sector in India and in other countries. Wise and Ali (2009) in their study on corporate governance and corporate social responsibility in commercial bank of Bangladesh, through analysis of the annual reports of these banks, found that the corporate social responsibility disclosures by the banks focus on initiatives undertaken to support two critical sectors within Bangladesh's economy: agriculture and the SME sector. Sharma (2011) made an attempt to analyse CSR practices and CSR reporting in India with special reference to banking sector and concluded that banking sector in India is showing interest in integrating sustainability into their business models but its CSR reporting practices are far away

from satisfaction. Ventura and Vieira (2007) made a study to understand the dynamics of institutionalizing corporate social responsibility in the field of Banking Organizations in Brazil and found that from being an isolated marginal action, CSR in the past ten years is now a structured action in banking organizations. Narwal (2007) made a study to highlight the CSR initiatives taken by the Indian Banking Industry. The findings suggest that banks have an objective view-point about CSR activities. They are concentrating mainly on education, balanced growth (different strata of society), health, environmental marketing and customer satisfaction as their core CSR activities.

Moreover, there are studies focused on development of scales or instrument for measuring the corporate social responsibility activities of the firms. Abbott and Monsen (1979) developed a corporate social involvement disclosure scale, based on the analysis of annual reports of the Fortune 500 companies. They have used six areas under analysis as: environment, products, equal opportunities, personnel, community involvement, and other disclosures. Ullman (1985) and Waddock and Graves (1997) used the Kinder Lydenberg Domini (KLD) rating system, where each company in the S&P 500 is rated on eight attributes namely; employee relation, product, community relation, environment, treatment of women and minorities, nuclear power and military contracts. Zappi (2007) used three attributes employees, customers and environment, for measuring the CSR in Italian banking industry. Sharma (2011) has given a list of core thrust areas for reporting CSR activities by the Indian banks as: children welfare, community welfare, education,

environment, healthcare, poverty eradication, rural development, vocational training, women's empowerment, and protection to girl child, employment. The rating of the CSR activities of Indian banking sector has also been done by Karmayog, an NGO. As per the report of the Karmayog two third of surveyed 36 banks couldn't even secure a rating of 3 at a scale of 0 to 5, only one bank could attain level 5.

The researcher has also attempted to find out the relation between CSR and financial performance of the banks. Margolis and Walsh (2002) pointed out in his study that one hundred twenty-two published studies have been made between 1971 and 2001 which measures the relationship between the corporate social responsibility and financial performance. Heinz (1976), Bowman and Haire (1975), Waddock and Graves (1997), Cochran and Wood (1984), Mcguire et al. (1988) and Aupperle (1985) reported a positive association between the corporate social responsibility and the profitability of the companies. Lee and Douglas (1997), Simpson and Kohers (2002), McWilliams and Siegel (2000), Marc et al (2003), and Allouche and Laroche (2005), Wu (2006), and Margolis et al (2007) performed various analyses and found an overall positive effect between CSR and financial performance. Ahmed et al. (2012) suggested that the CSR can increase both long term profitability and sustainability of the banks as well as enhance the reputation of the banks. Keffas and Oulu-Briggs (2011) found that, the banks which incorporate CSR have better asset quality; capital adequacy; and are more efficient in managing their asset portfolios and capital. McDonald and Thiele (2007) in their study on the relationship between CSR and customer outcomes found that the CSR

strategies and customer satisfaction have a positive relationship. However, Vance (1975) found an inverse relationship between the corporate social responsibility and the profitability of the companies in short run.

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. However, there are not many studies directly related to CSR activities of Indian commercial banks. The objective of this study is to analyse the corporate social

responsibility activities of Indian commercial banks.

Research Methodology

The study is based on the secondary data collected from the annual reports of the banks. On the basis of ownership structure of the banks a sample of 30 banks has been taken for the study. Out of 30 banks, there are 10 private sector banks, 15 public sector banks and 5 foreign banks. From the literature review and on the basis of data collected the following 9 variables have been identified to assess the corporate social responsibility of the banks (Shown in Table1).

Table 1
Description of Variables

S. No.	Variable	Variable Code	Explanation
1	Rural Branch Expansion	RBE	Measured as the number of branches in rural areas
2	Priority Sector Lending	PSL	The ratio of advances made to priority sector to total advances
3	Environment Protection	EP	Number of activities done for environment protection
4	Community Welfare	CW	Number of activities done for community welfare
5	Women Welfare	WW	Number of activities done for women and girl child welfare
6	Farmers' Welfare	FW	Number of activities done for farmers' welfare
7	New Initiative related to CSR	NI	New initiatives related to CSR activities taken in the year 2010-11
8	Financial Literacy	FL	Efforts done for promoting financial literacy
9	Education	EDU	Number of activities done for promotion of education in society

Data Analysis

On the basis of the actual activities done and disclosed in the annual reports, the banks have been given points on the following criterion:

Number of Activities	0	0 to 2	3 to 4	5 to 6	Above 6
Points Given	0	1	2	3	4

For the variable Priority Sector Lending (PSL) the following criterion has been used to give points to the banks.

PSL Ratio	Above 40%	40% to 35%	35% to 30%	30% to 25%	Below 25%
Points Given	5	4	3	2	1

For the variable Rural Branch Expansion (RBE), the natural log of the actual figure of the banks in the respective variable has been taken and rounded off to zero decimal.

The total score of the CSR has been calculated by adding up the individual score of each variable for the bank. The CSR score of all the banks for the studied period has been shown in table 2.

Table 2
Bank wise CSR Score (2009-10 to 2011-12)

Bank	Bank Type	2009-10	2010-11	2011-12	Average CSR Score
PNB	Public Banks	14	25	20	20
ALB		12	14	15	14
SB		16	16	11	14
SBI		9	14	13	12
CBI		11	12	11	11
IOB		12	13	12	12
OBC		13	13	13	13
CB		13	10	12	12
UBOI		11	13	13	12
BOI		11	10	9	10
IB		10	10	13	11
BOB		10	8	8	9
IDBI		9	11	13	11
COB		10	10	11	11
UCO		11	7	8	9
ICICI	Private Sector Banks	15	18	13	16
HDFC		14	14	11	13
IKB		13	15	18	16
ING		13	15	14	13
AXIS		11	10	12	11
SIB		9	12	8	10
KMB		11	9	13	11
FB		13	9	13	11
KB		9	7	10	9
YES	3	6	8	6	
RBS	Foreign Banks	11	15	9	12
HSBC		9	10	12	10
DEU		7	7	7	7
CITI		8	6	8	7
SCH		6	5	9	7

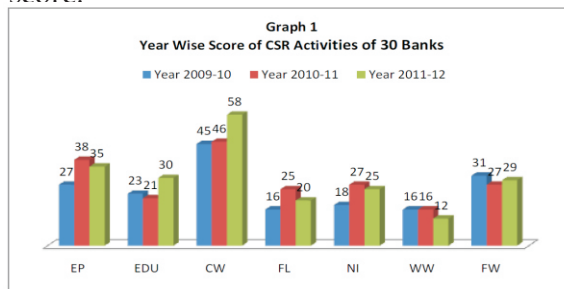
Interpretation:

A comparative analysis of CSR score of all the banks for the year 2009-10 to 2011-12 has been given in table 2. As per the CSR score of 2009-10, the highest score is recorded for public bank i.e. 16 by Syndicate bank, while the lowest CSR score is recorded for private bank i.e. 3 by YES bank. The mean value of CSR score on the basis of highest and lowest score is 10. 13 public banks out of a total of 15 have scored above or equal to the mean value of score on the basis of highest and lowest CSR score. Only one foreign bank out of a total of five has achieved the CSR score above the mean value. 7 private banks out of a total of 10 have achieved the CSR score above the mean value. The highest CSR score for private bank is 15 of ICICI bank, and highest CSR score of foreign bank is 11 of Royal Bank of Scotland.

As per the CSR score of 2010-11, the highest score is recorded for public bank i.e. 25 by Punjab National bank, while the lowest CSR score is recorded for foreign bank i.e. 5 by Standard Chartered bank. The mean value of CSR score on the basis of highest and lowest score is 15. Only 2 public banks out of a total of 15 have scored above the mean value of score on the basis of highest and lowest CSR score. Only one foreign bank out of a total of five has achieved the CSR score equal to the mean value. 3 private banks out of a total of 10 have achieved the CSR score above and equal to the mean value. The highest CSR score for private bank is 18 of ICICI bank, and highest CSR score of foreign bank is 15 of Royal Bank of Scotland.

As per the CSR score of 2011-12, the highest score is recorded for public bank i.e. 20 by Punjab National bank, while the lowest CSR score is recorded for foreign bank i.e. 7 by Deutsche bank. The mean value of CSR score on the basis of highest and lowest

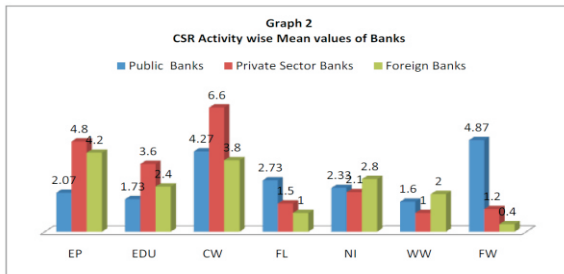
score is 14. Only 2 public banks out of a total of 15 have scored above the mean value of score on the basis of highest and lowest CSR score. No foreign bank out of a total of five has achieved the CSR score equal to the mean value. 2 private banks out of a total of 10 have achieved the CSR score above and equal to the mean value. The highest CSR score for private bank is 18 of Jammu & Kashmir bank, and highest CSR score of foreign bank is 12 of HSBC bank. Thus overall it can be interpret from the table 2 that on the basis of average CSR score, public bank is leading, then private sector banks and foreign banks are far behind from both the public and private banks in CSR score.



Interpretation:

Graph 1 gives the total score of each CSR activity for the year 2009-10 to 2011-12. It can be seen from the graph 1 that in the year 2009-10, the highest score i.e. 45, was obtained by Community Welfare (CW) activity, while the lowest score i.e. 16, was obtained by financial literacy (FL) and women welfare (WW) activities by the banks. As per the score of 2010-11, the highest score i.e. 46 was obtained by Community Welfare (CW) activity, while the lowest score i.e. 16, was obtained by women welfare (WW) activity by the banks. As per the score of 2011-12, the highest score i.e. 58 was obtained by Community Welfare (CW) activity, while the lowest score i.e. 12, was obtained by women welfare (WW)

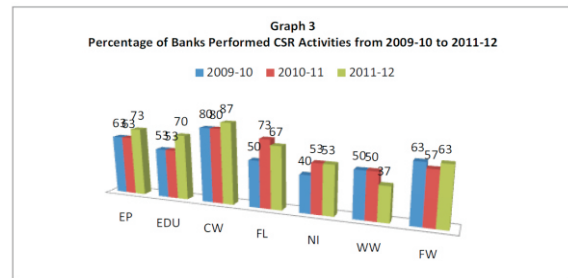
activity by the banks. Thus, it can be interpreted from the graph that banks are performing well related to the community welfare activities throughout the years while lowest performance has been shown by banks in CSR activity related to women welfare. The score of community welfare increased year by year from 45 (2009-10) to 58 (2011-12).



Interpretation:

It can be interpreted from the graph 2 that public banks have shown best performance related to Farmers welfare activities, and lowest performance in women welfare activity. As per the mean values of CSR activities of private sector banks, they have shown best performance in community welfare activities and lowest performance in women welfare activities. As per the mean values of CSR activities of foreign banks, the best performance has been recorded in environmental protection activities by the foreign banks and lowest performance in farmers' welfare activities. Overall, it can be interpreted that private banks are leading in environmental protection, education, and community welfare activities and lagging in New Initiative related to CSR and women welfare activities. Public banks are leading in financial literacy and farmers' welfare activities and lagging in environmental protection and education activities. Foreign banks are leading in New Initiative related to CSR and women welfare activities and lagging in community welfare, financial literacy and farmers' welfare activities.

Thus, overall foreign banks are far behind from public and private banks in performing CSR activities.



Interpretation:

As per the data of 2009-10, highest number of banks i.e 80 percent of total banks are performing community welfare activities, while only 40 percent of total 30 banks are performing new initiative related to CSR activities and only half of the banks i.e. 50 percent are performing financial literacy and women welfare activities. As per the data of 2010-11, highest number of banks i.e 80 percent of total banks are performing community welfare activities followed by financial literacy activities, while only 50 percent of total 30 banks are performing women welfare activities. As per the data of 2011-12, highest number of banks i.e 87 percent of total banks are performing community welfare activities followed by environmental protection activities, while only 37 percent of total 30 banks are performing women welfare activities. Thus overall it can be interpret from the graph 3 that lowest percentage are performing women welfare activities, and even the percentages of banks performing women welfare activities have decreased from 50 percent to 37 percent while highest percentages of banks are performing community welfare activities and the percentages of banks involved in this activity have increased from 80 percent to 87 percent which is a good signal.

Table 3
Priority Sector Lending Ratio and Rural Branches of Banks (2009-10 to 2011-12)

		Priority Sector Lending Ratio (PSL)			Rural Branch Expansion (RBE)		
Bank	Bank Type	2009-10	2010-11	2011-12	2009-10	2010-11	2011-12
PNB	Public Banks	35.70	32.48	31.33	1949	1972	2176
ALB		33.91	32.86	33.65	959	968	1016
SB		34.38	30.13	29.46	651	768	850
SBI		26.99	30.61	28.84	4697	4972	5250
CBI		32.14	31.23	26.11	1362	1386	1465
IOB		34.48	29.19	30.03	546	573	720
OBC		33.65	36.45	35.75	299	333	361
CB		33.48	32.19	29.80	754	803	1001
UBOI		31.68	31.94	35.15	625	627	644
BOI		25.48	25.76	22.56	1248	1299	1466
IB		34.84	34.29	32.98	489	496	507
BOB		26.35	24.01	22.59	1125	1171	1167
IDBI		22.43	26.87	26.74	69	81	91
CO.B		31.57	27.52	29.19	192	216	285
UCO		29.53	24.32	25.03	787	802	843
ICICI	Private Sector Banks	29.79	24.68	23.37	144	260	285
HDFC		35.09	34.24	32.68	95	123	177
IKB		37.44	39.23	30.11	220	231	284
ING		37.15	34.09	33.04	83	83	83
KMB		32.69	29.79	31.47	16	21	33
FB		36.55	33.13	32.28	45	49	62
KB		36.39	35.96	36.53	88	90	94
YES		20.24	26.30	25.92	20	23	31
AXIS		28.69	28.99	28.56	47	94	133
SIB	31.23	30.25	18.76	62	65	83	
HSBC	Foreign Banks	34.99	35.05	30.25	1	1	1
RBS		44.24	44.17	40.56	2	2	2
DEU		26.55	32.63	24.89	0	1	1
CITI		36.20	32.78	23.87	0	0	0
SCH		27.56	26.37	26.39	0	0	0

Rural Branch Expansion:

This variable is used to measure the extent up to which the banks are following the financial inclusion policy formulated by the Reserve Bank of India to promote balanced growth of the economy. Chakraborty (2009) explained financial inclusion as the process

of ensuring access to appropriate financial products and services needed by vulnerable groups such as weaker sections and low income groups at an affordable cost in a fair and transparent manner by mainstream Institutional players. However, illiteracy and the low income savings and lack of bank

branches in rural areas continue to be a road block to financial inclusion in many states. Apart from this there is inadequate legal and financial structure. According to Vijay Mahajan (2008), private ownership, good governance, professional management, no caps on interest rates, and most importantly, commitment to local areas and local community are a few factors that could lead to financial inclusion. It can be interpreted from the table 3 that public banks are having highest number of rural branches in all the three years and have increased from 4697 (2009-10) to 5250 (2011-12). The minimum number of rural branches of public banks was 69 in the year 2009-10 and 91 in the year 2011-12. SBI is the top performer among rural branch expansion variable and IDBI is the least performer in rural branch expansion variable among public banks. The highest number of rural branches of private sector banks was 220 in the year 2009-10 that have increased from 220 to 285 in the year 2011-12. The lowest number of rural branches of private sector banks was 16 in the year 2009-10 and 31 in the year 2011-12. Jammu and Kashmir Bank is the top performer in rural branch expansion variable and YES banks is the least performer in rural branch expansion variable among private sector banks. Foreign banks are having lowest number of rural branches in three consecutive years, 0 (Minimum) and 2 (Maximum) rural branches only. CITI and Standard Chartered banks don't have any branch in rural areas. Thus overall it can be interpreted from the table 3 that public banks are leading in rural branch expansion then private sector banks and at last foreign banks.

Priority Sector Lending:

As described by the Reserve Bank of India,

Priority Sector lending means lending to the agriculture, small scale and ancillary industries, new and renewable sources of energy, cottage industries, artisans, food and agro based processing, education, housing and weaker section. While for domestic banks, both the public and private sectors are required to lend 40 per cent of their net bank credit (NBC) to the priority sector, foreign banks are required to lend 32 per cent of their NBC to the priority sector. It has been observed that while banks often tend to meet the overall priority sector targets, they sometimes tend to miss the sub-targets. This is particularly true in case of domestic banks failing to meet their sub-targets for agricultural advances. One of the reasons banks often cite for not lending to this sector is that recovery is often difficult. From the table 3 it can be interpreted that PSL Priority sector lending ratio was 35.70 (Maximum) and 22.43 (Minimum) in the year 2009-10 for public banks, while the PSL ratio has increased from 35.70 to 35.75 in the year 2011-12. The top performer among public banks in PSL ratio variable is Oriental Bank of Commerce while the least performer bank is Bank of India as per the PSL ratio of 2011-12. Priority sector lending ratio was 37.44 (Maximum) and 20.24 (Minimum) in the year 2009-10 for private sector banks, while the PSL ratio has decreased from 37.44 to 36.53 in the year 2011-12. The top performer among private sector banks in PSL ratio variable is Karnataka Bank while the least performer bank is South Indian Bank as per the PSL ratio of 2011-12. Priority sector lending ratio was 45.24 (Maximum) and 26.55 (Minimum) in the year 2009-10 for foreign banks, while the PSL ratio has decreased from 45.24 to 40.56 in the year 2011-12. The top performer among foreign banks in PSL ratio variable is

Royal Bank of Scotland while the least performer bank is Deutsche bank as per the PSL ratio of 2011-12. Thus overall it can be interpreted from the table 3 that foreign banks are leading in the PSL ratio variable, then private sector banks and at last public banks.

Environment Protection:

This variable includes all the activities carried out by the banks for the purpose of environment protection or to reduce the environmental harm by adopting different initiatives, replacing traditional activities by eco friendly processes or activities in day to day business. Adenekan (2007), Joyner and Payne (2002), concluded that a growing number of companies in many sectors and geographic regions have discovered concrete value and competitive advantage from socially responsible practices in pollution prevention, energy efficiency, environmentally oriented design, supply chain management, and health and sustainable agriculture initiatives, among others. For these firms, CSR has had a positive impact on profits. The World Bank has also pressurised the banks not to finance the projects, which are causing harm to the environment either directly or indirectly.

The major activities performed by banks in this field are as follows:

- (i) No credit to businesses involved in Ozone depletion, human rights violation, controversial weapons, gambling or pornography activities.
- (ii) Awareness programs about 'avoiding the usage of plastic bags' and 'reduced use of paper in offices'.
- (iii) Promoting and financing energy saving and solar energy projects.
- (iv) Encouraging, financing and setting up of non-conventional energy generation units.
- (v) Assistance for rain water harvesting tanks.
- (vi) Wild animal protection projects.
- (vii) Tree plantation drives.
- (viii) Projects related to reduction of carbon emissions.

Education:

This variable is used to measure the contribution of banks in the field of education. In India Rao (1964) and the Education Commission (1966) emphasised the links between education and development. Fields (1980) and Tilak (1978) explained that education and poverty are inversely related: the higher the level of education of the population, the lower would be the proportion of poor people in the total population, as education imparts knowledge and skills that are associated with higher wages. The major activities carried out by the banks in the field of education are as follows:

- i. Support to low income family students with financial assistance, free uniform and books
- ii. Motivational camps to go to school, for the students of rural areas.
- iii. Concession in interest on education loans for backward class students.
- iv. Establishing library-cum-reading rooms in rural areas and providing fans, water coolers etc. to schools.
- v. Promotion and financial support education of special children,
- vi. Tie-ups with educational institutes for providing education loans, interest subsidy schemes for students belonging to economically weaker

sections.

- vii. School adoption projects.
- viii. Special educational sponsorships for the girl child.
- ix. Educational assistance by giving donations.
- x. Opening of pre-schools and assistance in mid day meal programs for the students.

Community Welfare:

This variable is used to measure the activities performed by the banks for the welfare of the community. As per the data, highest number of banks has contributed in this CSR activity.

Some of the common activities in this field are:

- (i) Donations to orphanages.
- (ii) Free food distribution to the poor patients of government health care centres.
- (iii) Health awareness programmes.
- (iv) Free health checkups.
- (v) Campaigns against usage of drugs, alcohol and smoking.
- (vi) Construction of toilets, community halls and dispensaries.
- (vii) Helping disabled persons by donating artificial limbs/callipers/wheelchairs etc.
- (viii) Providing free medical facilities to the poor people.
- (ix) Community welfare through helping NGOs.
- (x) Blood donation camps.
- (xi) Donations for disaster relief and accident victims.

Financial Literacy:

As per the Reserve Bank of India, Financial literacy is providing familiarity with and understanding of financial market products, especially rewards and risks, in order to make informed choices. It is the ability to know, monitor, and effectively use financial resources to enhance the well-being and economic security of oneself, one's family, and one's business. Financial literacy has assumed greater importance in the recent years, as financial markets have become increasingly complex and as there is information asymmetry between markets and the common person, leading to the latter finding it increasingly difficult to make informed choices. In India, the need for financial literacy is even greater considering the low levels of literacy and the large section of the population, which still remains out of the formal financial set-up. Credit Counselling can be defined as counselling that explores the possibility of repaying debts outside bankruptcy and educates the debtor about credit, budgeting, and financial management. In view of the above two points the RBI has initiated a scheme for setting up of Financial Literacy and Credit Counselling (FLCC) Centres by the banks. Certain banks have not just opened the FLCC centres but have also taken other measures to promote finance education among people.

New Initiatives related to CSR:

This variable is used to measure the new CSR initiatives taken by the banks in the respective year for which CSR has been measured.

Some of the major initiatives taken by the banks are listed below:

- (i) Programs for promotion of women

entrepreneurs.

- (ii) Village adoption schemes.
- (iii) Green initiatives like electricity audit of bank office.
- (iv) Establishment of Butterfly park which houses medicinal plants.
- (v) Tree Plantation Drives.
- (vi) Spreading awareness on Climate Change and Global Warming, joining hands with 'World Wide Fund of Nature' (WWF) and 'The Indus Entrepreneurs' (TIE).

Women Welfare:

This variable indicates the activities done in the direction of welfare of women and girl child. Some of the activities which banks are performing in the field of the women welfare are as follows:

- (i) Free or concessional education for poor girls, scholarships to girl students,
- (ii) Concessions on the interest rate for girl student,
- (iii) Project for Women Weavers in Varanasi,
- (iv) Insurance policies specially for rural and urban poor women,
- (v) Special credit cards issued for women,
- (vi) Women empowerment through donation of sewing machines for self employment,
- (vii) Maternal Nutrition Project,
- (viii) Support to Indian School of Microfinance for Women (ISMW).

Farmer's Welfare:

Indian economy has always been an agriculture based economy. Although the

contribution of agriculture to the GDP of the country has decreased in past years, a large portion of population still depends upon agriculture for its survival. However, the agriculture sector is still in a meager state. Due to the poor economic health of agriculture sector, India observes a large number of cases of suicide among the farmers. It has been felt that there is an urgent requirement to promote investments in this sector and welfare of the farmers. Some of the major activities done by the banks under the farmer's welfare are as follows:

- (i) Agriculture Debt Waiver & Debt Relief Scheme,
- (ii) Loan for Solar Water Heating Systems at concessional rate,
- (iii) Rural Extension Education Programmes enabling farmers & entrepreneurs to improve their productivity/production,
- (iv) Establishment of Farmers clubs,
- (v) Farmers' Training Centres (FTCs),
- (vi) Special credit cards for farmers,
- (vii) Agriculture knowledge sharing Programs,
- (viii) National insurance programs for agriculture,
- (ix) Financing rural godowns and cold storages/warehouses,
- (x) Debt Swap Schemes,
- (xi) Setting up agriculture clusters for better farming,
- (xii) Commodity finance against pledge of warehouse receipts of agro commodities.

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 of Priority sector lending and rural branch expansion. Even after the RBI's guidelines for financial literacy programs the banks have not taken substantial steps in this direction. The RBI may be more stringent in enforcing such regulatory requirements. The banks have focused on the community welfare and farmers' welfare programs but the efforts for women welfare and education are not sizeable. Moreover, the public sector banks have overall highest contribution in CSR activities. Private sector banks and foreign 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 not at the top in CSR activities.

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