

Corporate Social Responsibility Practices of SBI and Axis Bank - A comparative Study

Kinnera Venkateshwarlu¹, Dr. K. Deepasri²

Research Scholar, Chaitanya Deemed to be University
Professor, Chaitanya Deemed to be University

Abstract

Axis Bank has a strong tradition of CSR (Corporate Social Responsibility) in its corporate culture. Your Bank has been performing on the sustainability front with a multi fold strategy viz. Axis is one of the biggest commercial banks in India in terms of assets, deposits, branches, customers. Corporate social responsibility (CSR) is seen as a cutting-edge management strategy for ensuring a company's long-term viability and growth. A regular committee in the CSR activity is important which should fulfil the goals of the institution and which also guarantee a productive and sustainable growth of the society. This research covers the primary CSR actions done by Axis. Five years' worth of yearly reports, from 2017 to 2022, were evaluated for the same reason.

Keywords: Corporate Social Responsibility (CSR), Corporate Sustainability, Sustainable Development, Business Responsibility Reporting.

1. Introduction:

Corporate Social Responsibility Practices:

The banking sector of India involves 26 Public Sector Banks, 21 Private Sector Banks and 36 Foreign Banks. The research has emphasized on private as well public sector banks and CSR practices. Now the Private banking sectors are very competitive. To get this competitive advantage, public sector banking also using CSR as a instrument. Corporate social responsibility (CSR) is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. The subject of CSR has risen to the top on the agenda of policymakers, managers and social activities in recent times. Economic, trade and commerce and social concerns are increasingly impacting the emerging legislation on corporate governance, compulsory minimum number of non- executive directors, nominating women director and disclosure of greater detail of the operations and finances of an enterprise. The three keys to an effective CSR policy are commitment, clarity and congruence with corporate values. The role of government in relation to CSR, the drivers of CSR, the adoption level and end results of CSR must be studied well to moving towards world class business achievement. It is expected from corporate including banking to perform/ adopt following 10 CSR activities.

¹Research Scholar, Chaitanya Deemed to be University, Hanumakonda, Telangana State.

²Professor, Chaitanya Deemed to be University, Hanumakonda, Telangana State.

Adopt a school in a village: Due to the inherent lack of quality primary education in the rural areas, the banks could adopt a school in a village and employ qualified teachers with high backgrounds in their subjects. They can also provide for good sanitation, uniforms for the students, sufficient stationary and opportunities for extra-curricular activities.

Provide computers and free training for students in rural areas: The banks can donate computers to schools in rural areas and also provide free of cost computer training to the students, so that they can learn and enhance their IT skills.

Get affiliated with an NGO: Join hands with an NGO and help them out by providing monetary fund's and the likes. The employees of the company can also join the NGO on various activities it conducts for the area it is targeting.

Free medical camps for the backward regions: The banks can tie-up with a prolific hospital and provide free health check-ups in rural areas. Sometimes it could be for specific medical purposes, like polio vaccination in children, cervical cancer vaccinations in women, testing for malaria/dengue/swine flu, etc.

Blood Donation Camps: Blood donation camps are one of the best ways to give back to the society, and the company can organize one and invite the general public to donate blood alongside the employees. **Donation of Sports Equipment in Schools:** With the increasing awareness of fitness and athletics, and the ever growing adoration for sports in India, donating quality fitness and sports equipment would not only persuade the students to adopt a more healthy lifestyle, but also advocate the company as a health and fitness promoting institution.

Adult Literacy Programmes: This is an activity used by Tata Consultancy Services. India has so many able adults who are unemployed because they are illiterate and haven't received proper education, so this is an initiative that can increase the employment rate of the country and bring down the poverty levels.

International Scholarships for students from backward regions: For students of brilliant academic calibre but no means to fulfil their potential abroad, the company can provide to fund for the student's tuition fee, accommodation fee and day to day living expenses, thereby providing deserving people with an opportunity they would have otherwise been devoid of.

Food Camp: The banks can invite the general public to donate as much as food as they want to, in a food camp, which will later be given to, says an orphanage or distributed in a village.

Donation to Orphanage: The employees can donate handsome amount of money, new clothes, toys etc. to an orphanage. They can also be required to visit the orphanages and spend quality time with the children there periodically, like say once a month.

SBI:

State Bank of India (SBI) a Fortune 500 company, is an Indian Multinational, Public Sector Banking and Financial services statutory body headquartered in Mumbai. The rich heritage and legacy of over 200 years, accredits SBI as the most trusted Bank by Indians through generations.

SBI, the largest Indian Bank with 1/4th market share, serves over 45 crore customers through its vast network of over 22,000 branches, 62617 ATMs/ADWMs, 71,968 BC outlets, with an undeterred focus on innovation, and customer centricity, which stems from the core values of the Bank - Service, Transparency, Ethics, Politeness and Sustainability.

The Bank has successfully diversified businesses through its various subsidiaries i.e SBI General Insurance, SBI Life Insurance, SBI Mutual Fund, SBI Card, etc. It has spread its presence globally and operates across time zones through 229 offices in 31 foreign countries.

Growing with times, SBI continues to redefine banking in India, as it aims to offer responsible and sustainable Banking solutions.

Axis Bank:

Axis Bank is the third largest private sector bank in India. The Bank offers the entire spectrum of financial services to customer segments covering Large and Mid-Corporates, MSME, Agriculture and Retail Businesses.

The Bank has a large footprint of 4,758 domestic branches (including extension counters) with 10,990 ATMs & 5,972 cash recyclers spread across the country as of 31st March 2022. The Bank has 6 Axis Virtual Centers with over 1,500 Virtual Relationship Managers as of 31st March 2022. The Overseas operations of the Bank are spread over eight international offices with branches in Singapore, Dubai (at DIFC), and Gift City-IBU; representative offices in Dhaka, Dubai, Abu Dhabi, Sharjah and an overseas subsidiary in London, UK. The international offices focus on Corporate Lending, Trade Finance, Syndication, Investment Banking, Liability Businesses, and Private Banking/Wealth Management offerings.

Axis Bank is one of the first new generation private sector banks to have begun operations in 1994. The Bank was promoted in 1993, jointly by Specified Undertaking of Unit Trust of India (SUUTI) (then known as Unit Trust of India), Life Insurance Corporation of India (LIC), General Insurance Corporation of India (GIC), National Insurance Company Ltd., The New India Assurance Company Ltd., The Oriental Insurance Company Ltd., and United India Insurance Company Ltd. The shareholding of Unit Trust of India was subsequently transferred to SUUTI, an entity established in 2003.

With a balance sheet size of Rs. 11,75,178 crores as on 31st March 2022, Axis Bank has achieved consistent growth and with a 5-year CAGR (2016-17 to 2021-22) of 14% each in Total Assets & Advances and 15% in Deposits.

2. Review of Literature :

1. **Radzi et al. (2018)**³, studied about Integrative Approach for Corporate Social Responsibility: A Case from The Banking Industry. Focus of study was on analyzes and describes the application of an integrative approach in the planning and implementation of CSR activities in the banking sector. Study stated that it is therefore essential that the issue of sustainability and the implementation of

³ Radzi, N. A. M., Lee, K. E., Halim, S. A., & Siwar, C. (2018). Integrative Approach for Corporate Social Responsibility: A Case From The Banking Industry. *International Journal of Academic Research in Business and Social Sciences*, 8(3), 251-266.

CSR into core activities in banking operations to gain the confidence of stakeholders. It is expected to provide a guidance to the banking sector in planning and implementing CSR activities in a more organized and holistic manner.

2. **Charles Blankson et al. (2018)**⁴, the author has analyzed CSR policy of top 500 NSE listed firms in India to discover forces that drive engagement in socially responsible activities and to ascertain their reasons to these forces. They have found that factors such as economic, social, regulatory and ethical forces are the drivers of Indian firms and are similar to those found in developed economies, but the ways firms respond to the drivers of CSR are different for Indian context i.e. Indian firms seek to utilize CSR activities to derive both Tangible (profit) and Intangible (social good) benefits.
3. **Nithin Venugopal et al. (2018)**⁵, the researcher has attempted to study the perception of employees and beneficiaries of the CSR initiatives regarding the major issues that they feel that the bank should take up on a priority basis. The researchers also measured the actual spending by Indian commercial banks for CSR activities during the financial years 2014-15 and 2015-16. Four banks, i.e. State Bank of India, Union Bank of India, Federal Bank and HDFC Bank, are selected. The findings reveal that Indian banks are making an effort for CSR activities, but many banks even don't meet the regulatory requirement for CSR. From the employee's perspective 'Employment to differently abled' is a top priority in CSR. From beneficiary's perspective 'Promotion of Education, Child welfare, woman empowerment and employment to differently abled' is a top priority in CSR.
4. **Singh & Das, (2020)**⁶ found that the income and earnings per share are two dependent and that debt equity size are both control variables in another study which found the effect of CSR on financial performance. The findings indicate that CSR has a detrimental effect on profitability and that CSR has no effect on EPS. This research also has some significant results in decision-making and policy formulations for the implementation of CSR for the managers. Managers may decide to participate in social responsibility programmes on the basis of their beliefs, while managers' effectiveness would also impact on the increase in the company's net profit. In the long term, while the position of consumer behaviour fluctuates irregularly between driver and effect, or for the good and benefit of society, corporate strategies and public policies resemble drivers.
5. **Eliza Sharma and Sathish (2022)**⁷ The study results highlighted two contradictory things: A massive amount of CSR has been invested by the banks after implementing the CSR Act in India, as disclosed in their annual reports and confirmed through data available with the Ministry of Corporate Affairs, while on the other hand, even after so much investment of funds by banks in CSR activities, the country's growth rate did not improve or show any drastic shift towards growth. This is against the law of unity even where all the banks have worked in one direction due to legal obligations. However, no noticeable impact of their efforts was still visible in the nations' growth or development.

⁴ Charles Blankson, S.P (2018). Corporate social responsibility in emerging economies: Investigating firm behavior in the Indian context. Thunderbird International Business.

⁵ Nithin Venugopal, S.K. (2018) Corporate Social Responsibility: A Study on Spending Pattern in Indian Commercial Banks and Analysis of Perception and Awareness of Employees and Beneficiaries. Journal of Management Research and Analysis. Volume 05 Issue 01, 241-249

⁶ Singh, P. K., & Das, B. K. (2020). Relationship between CSR and firms' Financial Performance: Empirical Evidence from Indian Banks. Studies in Indian Place Names, 40(60), 3483-3490.

⁷ Eliza Sharma and Sathish (2022), "CSR leads to economic growth or not": an evidence-based study to link corporate social responsibility (CSR) activities of the Indian banking sector with economic growth of India. Asian Journal of Business Ethics (2022) 11:67-103. <https://doi.org/10.1007/s13520-022-00142-5>

3. Statement of the Problem :

Banking industry have now no choice but to implement CSR since the passing of the new Companies Act' 2013 and to abide with the guidelines issued by the Reserve Bank of India (RBI) in this regard. Banks should try to maintain a good relationship with the society in which it operates and in which it is a citizen. The present work aims to know the CSR practices of Axis Bank and SBI bank with regard to CSR initiatives. The result of the study seems to be useful to the bankers, government policy makers, academicians and researchers and to the society at large.

4. Objectives :

Following are the specific objectives of the study

- a) To identify the CSR initiatives of SBI and Axis Bank.
- b) To show the pattern of CSR expenditure by SBI and Axis Bank.

5. Research Methodology:

The study is based on secondary data. Secondary data have been collected from different secondary sources i.e. annual report, review of CSR, journals, Bank's websites, Bank's Publications, newspapers and online databases.

5.1 Period of study the study:

covers the financial year 2017-18 and 2021- 22 Analytical, descriptive and comparative methodology has been adopted for the study.

6. Data Analysis:

Primary data acquired from all sources has been extensively evaluated for a deeper comprehension of the study subject. Together with the main data gathered via the use of questionnaires, the secondary data gleaned from the yearly reports has been thoroughly evaluated.

Initiatives taken by Axis Bank:

WATERSHED MANAGEMENT Water security is of utmost importance to sustain livelihoods in rural India. Several interventions are carried out under watershed development and management that secures water availability in the region. Afforestation is undertaken in several villages to support geo-hydrology of the geographies covered along with supporting livelihoods. Selection of species is carried out to facilitate income through horticulture and agro-forestry. A significant part of the watershed development is carried out by leveraging state programmes, such as MNREGA and IWMP.

AGRICULTURE PRODUCTIVITY: To enhance income from agriculture, improved and responsible farming practices are being introduced to the farmers. One such practice is the System of Rice Intensification (SRI), which helps enhance rice yield with low usage of water, improve seed variety, promote of organic manure, and aggregate input supply and that of the produce, for better market realization. Such efforts have helped in reducing cost of production, increasing productivity and better market prices. Further efforts are being made to form farmer collectives. **LIVESTOCK ENHANCEMENT** In rural areas, livestock is an important means of income. Livestock rearing is an activity prompted as an alternate source of income. Poultry farming and rearing of goats and cattle are

facilitated as micro enterprises. Dairy development is undertaken by building the value chain and linking the producers with the market. Till March 2016, 83,499 households have been covered under the livestock programme while 42,886 households have been provided with a livestock asset. About 484 women have been trained as pashu sakhis (para vets) who provide the veterinarian care to the livestock.

FINANCIAL INCLUSION: Strong women-based community institutions and collectives are promoted as part of the livelihood programme. Women are trained in leadership, bookkeeping, entrepreneurship and management of money at an individual and enterprise level. Women are encouraged to undertake savings and inter-lending through SHGs, which are then linked to formal financial institutions for availing credit. Women are, therefore, able to access credit for production and consumption and also are able to save for future needs.

VOCATIONAL SKILL-DEVELOPMENT PROGRAMMES: Employability through vocational training is promoted amongst the youth. The programme seeks to enhance employment opportunities by providing vocational-skills training to school dropouts, unemployed youth, tribal communities and women with the objective of providing them with an opportunity to lead self-sustained and economically independent lives. With the help of knowledge-based tie-ups with corporate and various universities, ABF’s partners do provide training on varied subjects, such as nursing, hotel management, sewing, welding, electricity, beauty, computer hardware and software, health and sanitation, incense sticks, candle making, and lantana products. Apart from ensuring approximately 70 per cent placements, the Foundation also provides linkages with markets and banks to its students in order to help them with basic infrastructure to start a small enterprise.

LIVELIHOODS FOR THE DISABLED: The disabled population in India is a marginalized group who only receive abundant sympathy but limited assistance in moulding them into independent individuals capable of being equally productive in their own way. While some awareness has been created about the abilities of the disabled over the past few years, a lot more needs to be done. Only 2 per cent of persons with disabilities PW Ds are educated and barely 1 per cent employed. The lack of requisite skills make the PW Ds perennially dependent on their parents for sustenance. Lack of adequate information amongst the parents about special schools that cater to this population and the stigma which is associated with parenting a special child isolate the children and stunt their growth. The need is to identify their potential and equip them with skills that enable them to earn a dignified livelihood. ABF works to enable the PW Ds avail of better livelihood opportunities by market linked trainings and jobs in the organized sector. It also works in the field of enabling the employers understand that hiring underprivileged and PW Ds is not only ethically and morally correct, but is a sound business practice.

Main CSR Expenditure by Axis Bank

Table 1: Total CSR Expenditure of Axis Bank

Year	CSR Budget	Amount Spent	Growth Rate
2017-18	133.77	133.77	0
2018-19	137.58	137.58	3.81
2019-20	100.96	100.96	-36.62
2020-21	14.97	37.81	-63.15

2021-22	113.37	113.37	75.56
2022-23	199.46	199.46	86.09

Source: Annual Reports of Axis Bank

Table 1 shows that Axis Bank spending on CSR initiatives such healthcare, culture, sports, education, skill development and livelihood creation, environmental preservation, and other activities grew in FY2021-22 and FY 2022-23. Also evident from Table 1 is that annual CSR spending exceeds annual CSR budgets.

Figure 1 is a graphical depiction of the data in Table 1

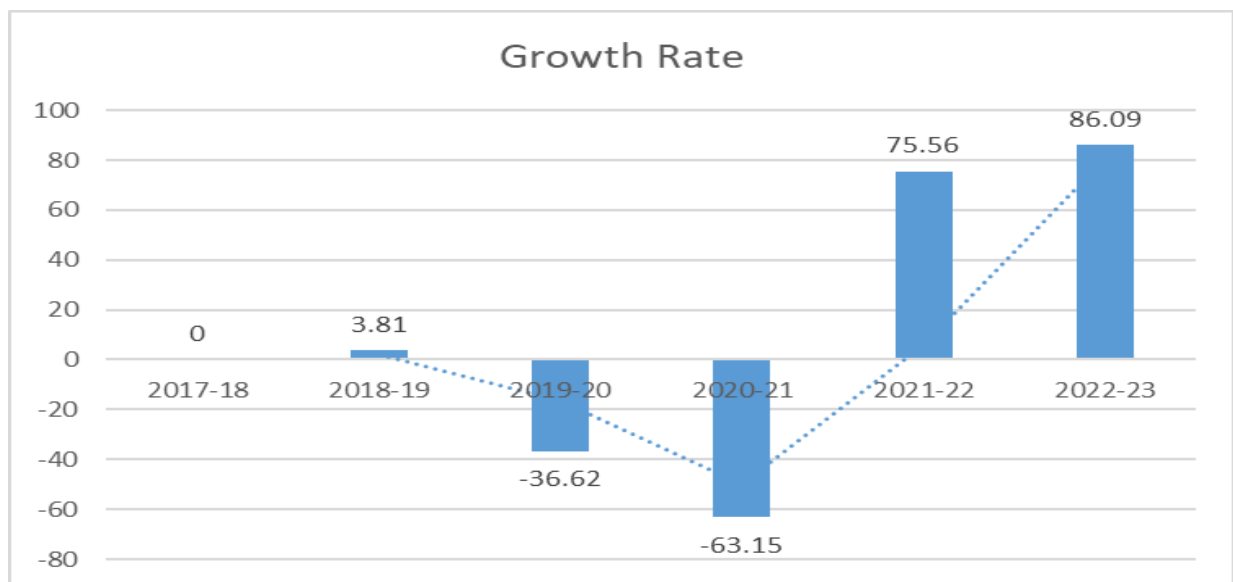
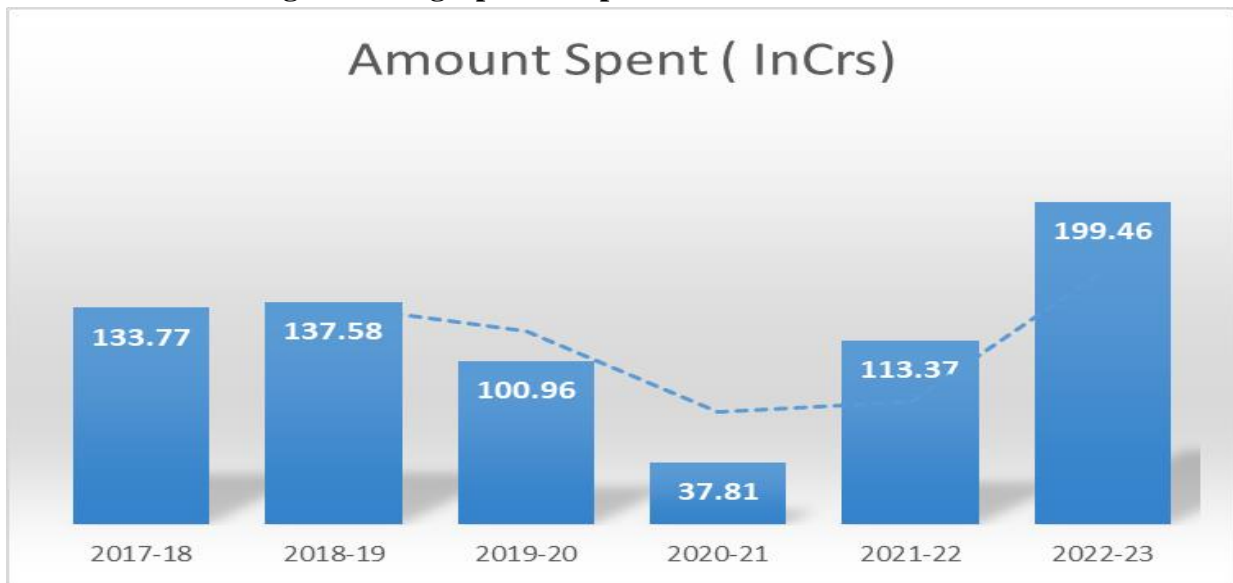


Figure 2 shows a trend analysis of the growth rate of Axis Bank CSR efforts over the last six years, which has shown considerable variability. 2019 had a negative 36.62% growth rate in CSR initiatives compared to 2018. As can be seen from this data, CSR spending increased in 2021 compared to 2020. However, as can be shown in Table 1, the investment exceeded the CSR budget for that year, which is

encouraging news for the Indian economy. Similarly, the growth rates from 2021–2022, and 2022–2023 are 75.56 % and 86.09 % respectively.

Initiatives taken by State Bank of India:

State Bank of India has formed a separate entity for undertaking all of its CSR activities under one umbrella named SBI Foundation. It is continuing the efforts undertaken by the State Bank Group in supporting and uplifting socio-economically backward sections of society. The focus areas include health care and sanitation, education, skills and livelihood development, women empowerment and care for senior citizens, sustainability and environment, rural development and others. The Bank has been using 1% of its profits in order to reach out and help under-privileged in many ways.

HEALTH CARE AND SANITATION: Ensuring healthy lives and promoting well being for all ages is one of the primary sustainable development goals. Poor sanitation conditions and lack of primary health care facilities have increased vulnerability of rural population to high mortality rates, susceptibility to diseases, increased school dropout rate among students, especially adolescent girls and affects other areas of lives. Making basic health care and sanitation conditions available is thus an area of key importance for SBI Foundation.

EDUCATION: It is the key element to national human resource development. Providing quality education to masses has been a challenge due to growing population and lack of quality resources in education. Lack of proper infrastructure, quality teaching staff and limited access to schools, especially for girls, are just few of the issues that plague the education system in India. Countering these issues is a long-term process which the SBI Foundation intends to stand by.

SKILLS AND LIVELIHOOD DEVELOPMENT: In the area of livelihood options and skills, there is a disconnect between the market needs and human resources available. Improving these conditions is necessary to be able to harness human resources of our nation to the best of its capabilities and capacity. The country’s strength in the coming years lies in its man-power. Improving its quality and creating opportunities for it is thus of prime importance.

WOMEN EMPOWERMENT AND CARE FOR SENIOR CITIZENS: Women and senior citizens are one of the most marginalized and least empowered sections of our society. The fight for equal right for women is far from won as there is still sever discrimination and acts of violence against them in rural as well as urban parts of India. Senior Citizens are integral parts of our population who are neglected across areas of policy and at times do not receive the amenities they are entitled to. SBI Foundation feels that these sections of our population need

Main CSR Expenditure by SBI
Table 2: Total CSR Expenditure of SBI

Year	CSR Budget	Amount Spent	Growth Rate
2017-18	104.84	112.96	0
2018-19	6.24	6.24	-106.72
2019-20	23.56	27.47	21.23

2020-21	139.16	144.48	117.01
2021-22	201.01	204.10	59.62
2022-23	314.28	316.76	112.66

Source: Annual Reports of SBI

Table 2 shows that SBI spending on CSR initiatives such healthcare, culture, sports, education, skill development and livelihood creation, environmental preservation, and other activities grew in FY2021-22 and FY 2022-23. Also evident from Table 1 is that annual CSR spending exceeds annual CSR budgets.

Figure 2 is a graphical depiction of the data in Table 2

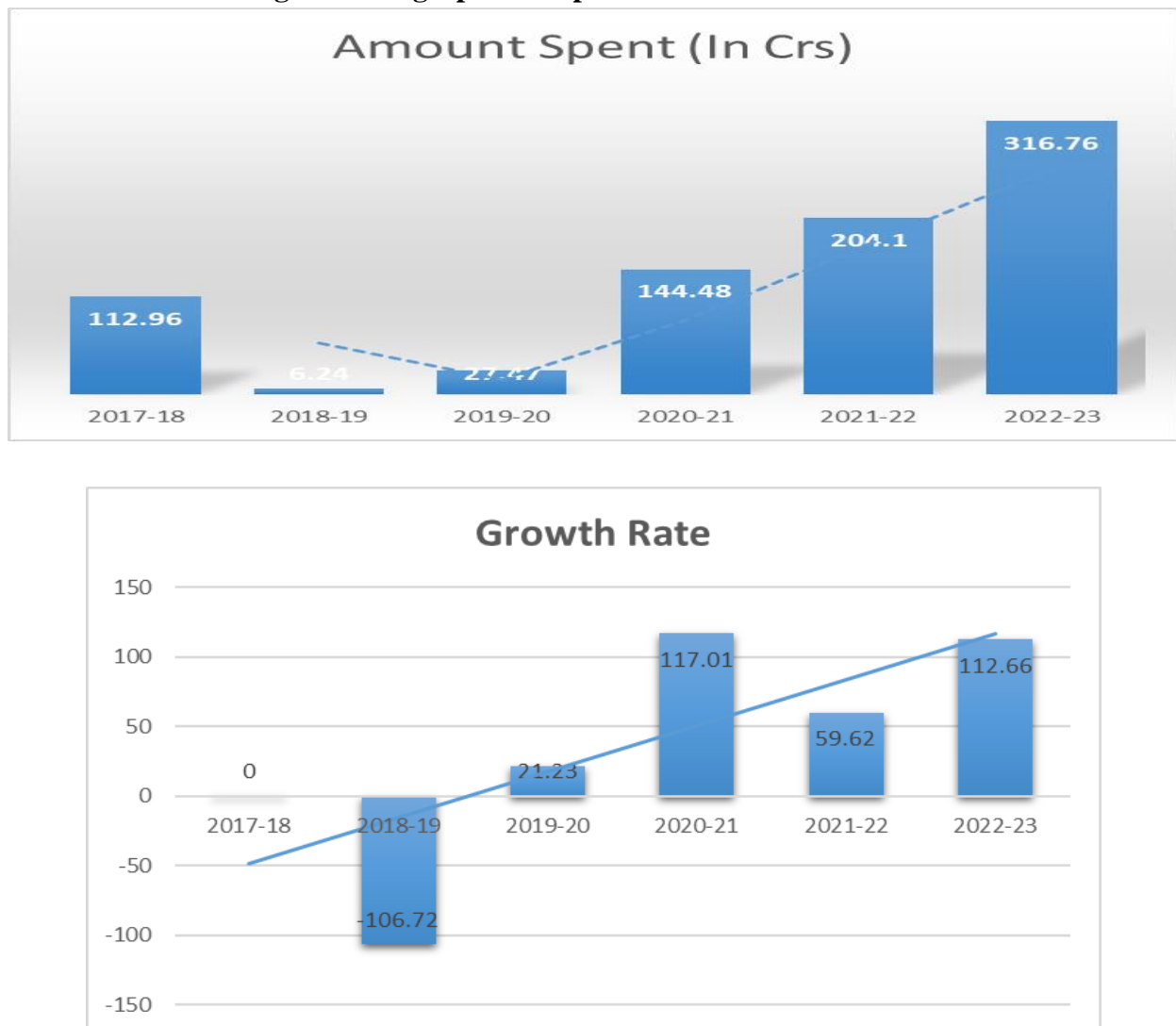


Figure 2 shows a trend analysis of the growth rate of SBI CSR efforts over the last six years, which has shown considerable variability. 2018 had a negative -106.72% growth rate in CSR initiatives compared to 2017. As can be seen from this data, CSR spending increased in 2021 compared to 2020. However, as can be shown in Table 2, the investment exceeded the CSR budget for that year, which is encouraging news for the Indian economy. Similarly, the growth rates from 2020–2021, and 2022–2023 are 117.01% and 112.66% respectively.

Comparative Analysis of Growth Rate of SBI and Axis Bank

Table-3 Growth Rate of SBI and Axis Bank

Year	Growth Rate of SBI	Growth Rate of Axis Bank
2017-18	0	0
2018-19	-106.72	3.81
2019-20	21.23	-36.62
2020-21	117.01	-63.15
2021-22	59.62	75.56
2022-23	112.66	86.09

Figure 3 is a graphical depiction of the data in Table 3

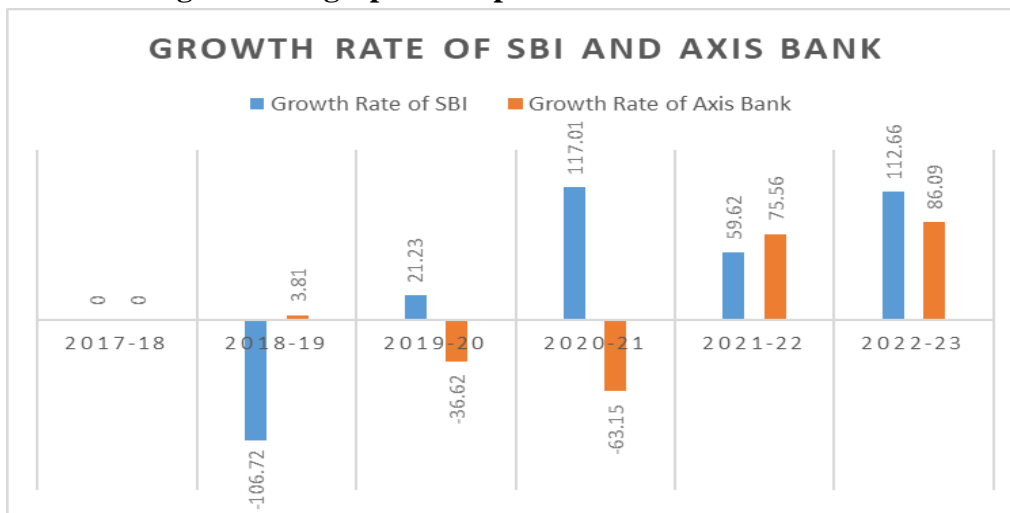


Figure 3 shows a Comparative analysis of the growth rate of SBI and Axis Bank CSR efforts over the last six years, which has shown considerable variability. 2018 and 2019 had a negative -106.72% and -36.62 growth rate of SBI and Axis Bank in CSR initiatives. As can be seen from this data, CSR spending increased in 2021 and 2022 compared to 2020. In 2022-23 SBI growth rate is higher than Axis Bank. However, as can be shown in Table 3, the investment exceeded the CSR budget for that year, which is encouraging news for the Indian economy.

7. Conclusion:

The above analysis shows that though the banks are making efforts in CSR areas more emphasis is to be put on the initiatives. The current cap for annual donation of 1% (0.75% for Normal donations and 0.25% for National Donations) of previous year’s published profit set by RBI on banks should be reconsidered to be in line with Section 135 of Companies Act, 2013. RBI should be more stringent in issuing guidelines pertaining to setting apart of funds for CSR initiatives by banks. This study might be useful for understanding the position of the banks in CSR activities are concerned.

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2. www.csr.gov.in
3. www.axis.co.in