



International Journal of Multidisciplinary Research and Development



Volume: 2, Issue: 10, 188-191
Oct 2015
www.allsubjectjournal.com
e-ISSN: 2349-4182
p-ISSN: 2349-5979
Impact Factor: 5.742

Pooja Rani

Research Scholar,
Department of Rural
Management, School for
Management Studies,
Babasaheb Bhimrao
Ambedkar University
(A Central University),
Lucknow-25

M.S.Khan

Associate Professor
Department of Rural
Management, School for
Management Studies,
Babasaheb Bhimrao
Ambedkar University
(A Central University),
Lucknow-25

Role of banks in poverty eradication through corporate social responsibility (CSR)

Pooja Rani, M.S. Khan

Abstract

Nowadays, the requirement from corporates has moved beyond just getting shareholders value. The stakeholder theory is now an integral part of corporate governance. Socially responsible companies are lauded for their involvement in the welfare of all the stakeholders, the community, rural development, poverty eradication, and environment protection. After new companies bill, 2013 implementation all corporates in India has been started to do more social responsibility. There was very low participation of banks in CSR activities. But now they are more CSR activities in many areas. Banks mostly focus on the rural development activities especially poverty eradication for upliftment of rural areas or poor people. The study is based on secondary data and has been collected from website of banks, journals, conference papers and case studies. This research paper has made an attempt to highlight the role of Indian banks in poverty eradication through CSR.

Keywords: Corporate Social Responsibility, Poverty, Eradication, Companies bill 2013.

1. Introduction

According to 2010 data from UN development program an estimated 29.8% of Indians live below the country's national poverty line.

The World Bank declares that poverty is a pronounced deprivation in well-being, and comprises many dimensions. It includes low incomes and the inability to acquire the basic goods and services necessary for survival with dignity. Poverty also encompasses low levels of health and education, poor access to clean water and sanitation, inadequate physical security, lack of voice, and insufficient capacity and opportunity to better one's life.

Poverty is a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information.

Causes of poverty: The various causes are: Caste System, Unequal distribution of wealth, Illiteracy, Increase in unemployment, Low productivity, powerlessness, Vulnerability due to disasters, conflicts & high population growth etc.

Corporate Social Responsibility: Today, there are many references to corporate social responsibility, sometimes referred to as corporate citizenship, in our workplaces, in the media, in the government, in our communities.

World Business Council for Sustainable Development 2000 "Corporate Social Responsibility is the continuing g 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 the local community and society at large".

Carroll (1991) has defined four responsibilities of CSR like ethical, economical, social, and philanthropic responsibilities.



Source: Carroll (1991), Dimensions of CSR

Correspondence

Pooja Rani

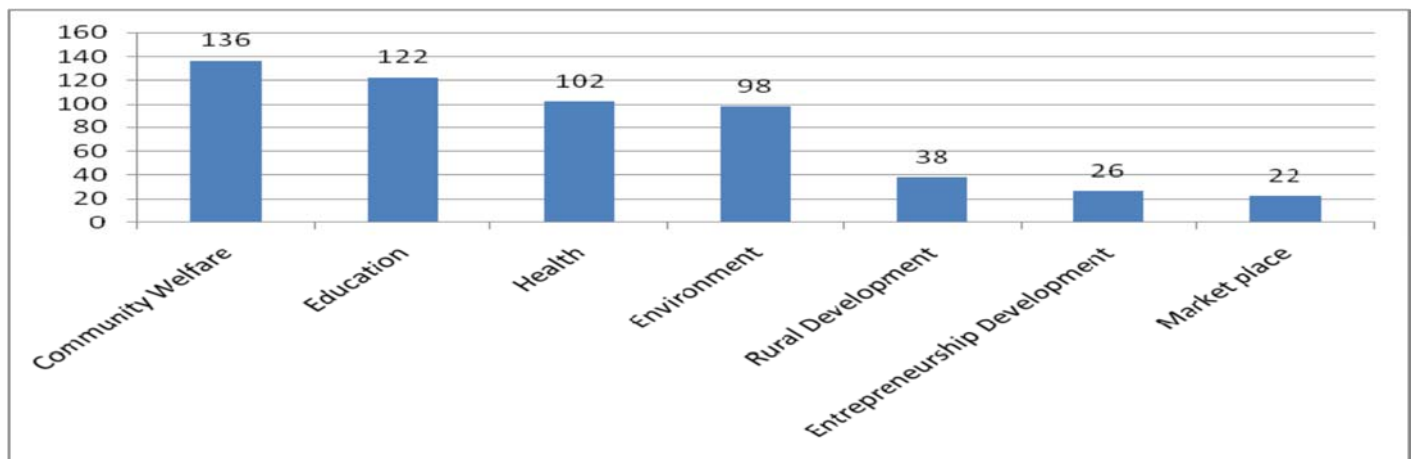
Research Scholar,
Department of Rural
Management, School for
Management Studies,
Babasaheb Bhimrao
Ambedkar University
(A Central University),
Lucknow-25

CSR is regarded as vehicle through which companies paying back to the society without having any profit making purpose. There are many Banks which are working for poverty eradication through CSR. Some of these CSR initiatives for Running trust and NGOs to support poor people, Adopting the villages and provide them good lifestyle and education, Self Help Groups (SHGs) for financial support and income generation for rural people, Renovation of villages schools, Health care and safe drinking water etc.

Thus there is a need to eradicate the poverty first because people don't have many facilities as urban people like proper education, healthy food, employment, bank balance, house for living etc due to poverty. They are facing many issues like food, safe drinking water, sanitation facilities, health, shelter, education and information. Inadequate physical security, unemployment, Corporate social responsibility is playing an important role to reduce the poverty, provide economic growth, social development to the poor people so that they can live a healthy and good life. Corporate Social Responsibility is thus considered very important as far as poverty eradication is concerned.

2. Objectives of the study

- To understand the concept of Corporate Social Responsibility and poverty.
- To define the role of Indian banks in poverty eradication through CSR activities.



Source: Ramendra singh & Sharad agrawal (2013)

According to above chart we found that many firms have adopted the same sectors like healthcare, or education, rural development, environment and for this they spend CSR budgets on projects related to health camps, adopting a village, building roads, maintaining a facility, and so on. These project shows devoid of a strategy to do CSR and a lack of synergy with business operations. Therefore, the study suggest a meaningful change in perspective Indian Corporates take in planning and strategizing their CSR operations in India. This chart also shows companies also cover rural development through CSR activities.

Sanjay Pradhan & Akhilesh Ranjan (2010), provided a study on “Corporate social responsibility in Rural development sector: Evidences from India”. In their research they have taken samples of 14 prominent companies in India were classified under five areas to define their CSR activities in Rural development: Livelihood, health, education, environment, and infrastructure. The result of this research defined in this chart given below.

3. Literature review

Namrata singh, Rajlaxmi srivastava et al (2013) proposed a study on CSR practiced & CSR reporting in Indian banking sector, concluded that at present the Banking Sector performing their banking services more effectively in comparison with the past and also started working towards social banking that is Corporate Social Responsibility. Maximum number of banks whether related to private sector or public sector highly performing CSR activities as per their priority but if we look towards the CSR reporting then we can see that most of the banks are still not disclosing their amount for such initiatives in their websites. After the involvement of RBI the CSR becomes the important part of Banking Sector but still more regulations and new policies are required to implement the concept of CSR in Indian Banking Sector.

Ramendra singh & Sharad agrawal (2013), proposed a study on “Corporate social responsibility for social impact: Approach to measure social impact using CSR impact index”. They have taken 200 samples of Indian corporates having their own foundations to carry out their CSR activities. These Foundations are not for for profit oriented, it's only for servicing the society through various activities such as education and rural development. Their research found a Domain of the CSR activities of 200 companies in their sample is given in chart.

S.N	CSR initiatives for rural development	Number of companies taking CSR initiatives	Percentage of companies taking CSR activities
1	Livelihood	12	85.7
2	Health	13	92.8
3	Education	14	100.0
4	Environment	8	57.1
5	Infrastructure	7	50.0

Source: Sanjay Pradhan & Akhilesh Ranjan (2010)

According to above chart it is clearly defined that Companies develop the rural areas through CSR. 12 companies out of 14work for livelihood, 13 companies work for health, all 14 companies work for education, 8 companies work for environment protection, and 7 companies work on infrastructure of rural areas. Mostly Companies take initiatives for education of rural areas for rural development.

4. Research methodology

- **Data resources and type:** The present study is based on secondary data and the major sources of data include official websites of Indian banks, books, magazines, research articles and Journals. Moreover, the academic wisdom and knowledge of both the author and co-author of this paper is being used to prepare this paper.
- **Data collection & Classification:** In India there are So many corporate entities and banking institutions are working for developing the rural areas by implementing better CSR practices. An effort is made in the present study to know the role of banking sector in poverty eradication through Corporate Social Responsibility. To meet the objective, Many Indian bank's corporate social responsibilities initiatives for poverty eradication have been studied.

5. Result and discussion

The new company's bill 2013 has introduced several provisions for changing the way to do business of Indian corporates and it also introduced a new provision regarding spending on Corporate Social Responsibility (CSR) activities. On the basis of CSR provisions it became mandatory for Indian companies and Companies have to spend a particular amount on CSR activities as well. The main CSR activities shall be counted only as per as this act:

- To eradicate extreme hunger and poverty
- To promote of education, gender equality and empowering women
- To reduce child mortality and improving maternal health
- To combat human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases
- To ensure environmental sustainability
- Employment enhancing vocational skills
- Social business projects & To contribute in the fund of Prime Minister's National Relief or any other fund set up by the Central Government or the State Governments for socioeconomic development, relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women

One of these areas eradication of poverty is also a main activity of CSR. There are many banks which are focusing many areas for poverty reduction like employment generation activities, Self-help groups, microfinance, credit counseling, vocational training, skill development, health care activities, training for improving agriculture, education related activities etc.

Ministry of Rural Development (MORD): According to my study it is found that all Indian banks follow MORD guidelines for rural development through CSR activities. MORD plays a important role in poverty eradication of country. As per as MORD banks have to follow poverty eradication by reducing the poverty by increasing livelihood opportunities, providing social safety, infrastructure, provide homes for below poverty line people, providing employment opportunities for poor people through many projects running by banks. Some of these activities adopted by Indian banks are explaining following.

- **Rural Self Employment Training Institutes (RSETI):** Banks have to establish two more Rural Self Employment Training Institutes (RSETI) for imparting training to Farmers, unemployed youths to generate the employment.
- **Skill Development:** Banks are Running "Rural Development and Self Employment Training Institute"

(RUDSETI), Providing Training on financial literacy for poor people.

- **Financial literacy:** Running financial literacy projects in many schools, conduct financial literacy initiatives across the country, providing right credit counseling.
- **Access to finance:** Provide banking services like SHG groups & microfinance to the unbanked and under banked population of country comprising small farmers, daily wage labourers, and urban poor.
- **Sustainable livelihood:** ICICI foundation running rural self-employment training institutes (RSETIs) for identified several opportunities, designed appropriate vocational training courses & self-employment.
- **Advancing primary health:** Organizing the outpatient health care programme for free consultation & necessary drugs for outpatient, organizing community outreach programme, provides health care as well counseling on health through APNA clinic.
- **Health care:** Bank has funded for purchase of ambulances to hospitals/ research/ institute catering to poor sections of the society, rural/ desert areas, tribal.
- **Medical facilities:** provided ultra-modern medical equipment to family planning centre & other rural/ urban hospitals to reduce the population growth.
- **Food and nourishment:** Providing mid-day meal to school children from the underprivileged section of society.
- **Kisan bhoomi vridhi Scheme, purchase loan Scheme, Scheme for kisan all-purpose term loan scheme:** Scheme for relending to individual borrowers having settled their Direct Agriculture loan dues under Compromise/ One time settlement scheme (OTS)/legal action: UCO bank provide all these schemes for poor farmers for increase their income.
- **Adoption of villages:** Bank of Baroda has adopted 101 villages across India for their all-around development and providing financial assistance for development of infrastructure facilities like setting up village libraries, community hall and solar lighting systems in villages. The Bank had adopted 500 villages for 100% Financial Inclusion, and this has already been achieved in all 500 villages. The Bank formulated various area-specific schemes tailor-made to the needs of local requirements, particularly where there is a concentration of industries like Rice Mills, Cold storages, Poultry units, etc.
- **Scholarship to poor students:** Banks also provide the scholarship facility to the poor students and underprivileged students.

6. Conclusion

As above discussed that banks are running many projects like Adoption of villages, provide food or nourishment, Microfinance, provide loans, Skill Development, Financial literacy, Health care, Medical facilities, Advancing primary health and setting up rural self-employment training institutes for poor people or rural areas for their social upliftment. These all projects are playing a very important role to eradicate the poverty by generating employment, productive their economic growth, giving money to do their business or shelter or agriculture. The banks especially focus on rural development & poverty eradication due to the MORD guidelines. Thus it is proved that CSR activities followed by Indian banking sector are having a major role to eradicate the poverty.

7. References

- 1 Bowen., H.R. (1953).Social Responsibilities of Businessman. New York: Harper & Row.
- 2 Carroll, A.B. (1991).The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders. *Business Horizons*, vol. 34, no. 4, pp. 39- 48.
- 3 Carroll, A.B. (1993). Business and Society: Ethics and Stakeholder Management. *2nd edn, Western Publishing, Cincinnati.*
- 4 Carroll, A.B. (1999). Corporate Social Responsibility: Evolution of Definitional Construct. *Business and Society*, vol. 38, no. 3, pp. 268-295.
- 5 Chopra, S.L. (2006). The Strategy Behind Corporate Virtue. *Journal of Indian Management*, pp: 92-98.
- 6 Gautam, R., Singh, A. (2010) “Corporate social responsibility practices in India: A study of top 500 Companies”, *Global Business and Management Research (GBMR)*, Volume 2, No.1,pp.41-56.
- 7 Pradhan,S., Ranjan, A. (2010) “Corporate Social Responsibility in Rural Development sector: Evidences of India.”, *School of doctoral studies (European union) journal.*
- 8 Srivastava Kumar Amit et al. (2012) “Corporate Social Responsibility: A Case Study of Tata Group”, *IOSR Journal of Business and Management (IOSRJBM)*, ISSN-2278-487X, Volume. 3, Issue.5, September – October, PP 17-27.
- 9 Sharma, A., Kiran, R. (2012) “CSR initiatives of major companies of India with focus on health, education & environment”, *African journal of basic & applied science*, 4(3):95-105-2012.
- 10 Singh, R., Agrawal, S. (2013) “Corporate Social Responsibility for social impact: Approach to measure social impact using CSR impact index”, Presented at world IIM conference on “Emerging issue in Management”, working paper series number. 729/June 2013.
- 11 WBCSD. (2001). *The Business Case for Sustainable Development: Making a Difference toward the Johannesburg Summit 2002 and Beyond.* Geneva: World Business Council for Sustainable Development.
- 12 <http://www.hdfcbank.co.in/ntdocs/aboutus/CSR/socialresponsibility.html>
- 13 <http://www.canarabank.com/english/scripts.CSRI.aspx>
- 14 <http://www.gsk-india.com/corporate-ruralprojects.html>
- 15 <http://www.granthornton.in/companiesact2013>.