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**Title of Thesis: “A COMPARATIVE STUDY OF CSR IN INDIAN BANKING SECTOR WITH REFERENCE TO MICROFINANCE”**

**Five Keywords:** Corporate Social Responsibility (CSR), Indian Banking Sector, Microfinance (MF), Beneficiaries, Social Impact

### **ABSTRACT**

Poverty is one of the biggest social issues facing India and most of the developing nations and hence, the relevance of taking it up, as one of the social issues by the corporate working in India. CSR by banking sector becomes more relevant as it is not only a pool of resources in terms of money and HR but also an expert with inclusive growth. MF, is an existing, legal, valid and successful activity of any bank and has established its base even at the international level. Access to finance to the poor for their financial inclusion in the mainstream along with pulling them out of the clutches of dependency on money lenders was its very purpose. Thus, this study provides an exploratory research into the relationship between CSR and MF.

### **RESEARCH OBJECTIVES**

- To identify the various CSR initiatives adopted by banking sector in India.
- To compare the CSR initiatives of public and private banks in India.
- To study the social impact of MF on beneficiaries.
- To identify the relation between CSR & MF in banks

### **RESEARCH DESIGN**

Judgment sampling (purposive) was done both for selection of banks samples and MF beneficiaries. Banks (8 private & 8 public) common to both the reports: Karmayog and NABARD (2006-7 to 2009-10) were finalized for studying their CSR. The research setting was Delhi/ NCR. To study the quantitative impact of MF the list of beneficiaries was drawn from both the sectors i.e. public and private banks. The top Indian public bank (SBI) and private bank (ICICI) in terms of their size as well as their substantial work both in CSR and MF were selected. A pre-tested (with 10% of respondents from each group) schedule translated into Hindi was used. Four dimensions or variables that were impacted by MF were: **Economical & Financial; Education of Children; Empowerment; and Family Health & Welfare.** Cronbach Alpha was also found for all of them to check Inter item collinearity for reliability analysis. It being >0.6 in all the cases, gave us confidence to move forward with the schedule. Frequency tables, Cross-tabulation, Chi Square Test & Paired Sample t test were used as statistical tools to analyse data.

## FINDINGS

1) **SUMMARY ON CSR INITIATIVES BY PSU & PRIVATE SECTOR BANKS:** These banks have formulated a broad policy towards supporting various societal concerns like Financial Inclusion, Health & Hygiene (toilets, clean drinking water facilities etc.), Education, Rural Development and Others for the underprivileged, women, children etc.

2) **COMPARISON BETWEEN THE PSU AND PRIVATE BANKS' CSR:** The annual report of banks unanimously states that India is amongst the world's least-penetrated banking systems. So, Informal channels are utilized. Financial Inclusion is one of the key challenges necessary for social inclusion. Some differences were observed w.r.t. **CSR Concept; Reach; CSR Initiatives; National & International Affiliations; Social Reporting; Modus Operandi.** But both work for the benefit of downtrodden and weaker section of the society, underprivileged, mentally challenged children, etc.

3) **SUMMARY OF IMPACT OF MF ON THE BENEFICIARIES**

**Economic & Financial Impact:** The difference between pre and post MF incomes and savings is statistically significant because of some specific activities or interventions like MF. Asset building and years of MF have a significant relationship. **Impact on Education of Children:** Availability of MF has helped put in action many of the poor people's dreams. This extra income allows them to let go their children in schools for their better tomorrow instead of holding them back to be just another earning member of their family. **Women Empowerment:** The differences in the Decision Making and Confidence pre and post MF is significant. Moreover, it was observed that more the number of years of association with MF, stronger the opinion and more the change could be witnessed. **Health Awareness & Family Welfare:** There was positive outcome regarding substantial increase in the health and hygiene awareness of women with number of years of association with MF. A significant relation between loan cycle and health awareness existed.

## **CONCLUSIONS**

A consistent Lack of consensus in definition and initiatives of CSR has been observed. The same is reflected in its expenses, administration & reporting. Any CSR activity intends to make a positive difference on the lives of the less privileged and so does MF. Both these activities converge on to the same outcome for the stakeholders it impacts. The empirical study on the social impact of MF brings out the fact that MF has been able to touch positively the lives of these poor people. It was an ex post facto study to probe and understand the influence of this social intervention called MF on 300 beneficiaries. The results provide support for a qualitative relation between CSR and MF and a significant relation between the social dimensions and MF. Out of various activities like education, training the youth, charity etc. the bank commands an expertise in none of them unlike in MF. The study **contributes** in the study to social responsibility practice through: Advocacy; CSR & MF & poverty; creating space in government social programs; conducting studies and research on CSR & MF programs; motivating banks to find solutions to society's problems.

A few **recommendations** offered at the end of research findings are listed as follows:

1. CSR According to the Bank's Expertise & to remain voluntary
2. Measure the impact of CSR on its beneficiaries & the bank's bottom line
3. Involve all the stakeholders & CSR Reporting should be done
4. CSR to be an integral part of the organization as CSR is not mere charity. MF as CSR
5. Two models have been proposed: a. Proposed Conceptual Gear Model & b. Proposed Process Based Model for Implementation of MF through CSR in the Banking Sector