



A STUDY ON CORPORATE SOCIAL RESPONSIBILITY PRACTICES AND ISSUES OF HDFC BANK

Kowsalya. M¹, Pavithra.P², Dr. P. Jayasubramanian³

¹M. Com (CA)-PG Student, Department of Commerce (CA), Dr. N.G.P Arts and Science College, Coimbatore

²M. Com (CA)-PG Student, Department of Commerce CA, Dr. N.G.P Arts and Science College, Coimbatore

³Professor in Commerce (CA) Dr.N.G.P Arts and Science College, Coimbatore

ABSTRACT

The purpose of the research is to interpret the practices of corporate social responsibility act in HDFC bank and issues. Now a days CSR play a major role in banking and other industries to achieve their objectives. Several Indian commercial banks have established their own brand identities in the realm of corporate social responsibility (CSR) to develop community and societal welfare through different social activities. Because it uses public funds, business must contribute to the common good. CSR is frequently regarded as one of the most difficult study fields. Online and mobile banking services have largely replaced traditional bank branches, signaling a significant shift in the banking industry.

KEYWORDS: CSR, Corporate Social Responsibility, Bank.

INTRODUCTION

Corporate Social Responsibility (CSR) is the responsibility of a company to contribute to the economic, social, and environmental development of the society in which it operates. Corporate social responsibility (CSR) is a strategy for corporate self-regulation. It is also known as sustainable responsible business (SRB) or corporate social performance. The banking industry places a high value on corporate social responsibility (CSR). Banks have a significant impact on the economy, the environment, and society; therefore, they are expected to act responsibly and positively contribute to the communities in which they operate. In recent years, Corporate Social Responsibility (CSR) has become an increasingly important consideration for the banking industry. As a result, it is critical that they accept responsibility and accountability for their actions.

Businesses must incorporate CSR principles into their day-to-day operations to ensure long-term viability. HDFC Bank, one of India's leading banks, has been actively involved in CSR initiatives to help society develop. HDFC Bank's CSR initiatives are focused on six key areas: education, healthcare, environmental sustainability, rural development, promoting sports, arts, and culture, and assisting the underprivileged. To ensure the effective implementation of its CSR policies and initiatives, the bank has established a separate CSR division.

ABOUT HDFC BANK

HDFC Bank is an Indian banking and financial services company headquartered in Mumbai. It was incorporated in 1994 as a subsidiary of the Housing Development Finance Corporation. And a full-service branch at Sandoz House, Worli were inaugurated by the Union Finance Minister Manmohan Singh. As on 30 June 2022 the banks distribution network was at 6378 branches across 3203 cities. first corporate office It is India's largest private sector bank by assets and world's 10th largest bank by market capitalization as of April 2021. It is the third largest company by market capitalization. It is also the fifteenth largest employer in India with nearly 150,000 employees.

PRODUCT AND SERVICES

HDFC Bank provides a number of products and services including wholesale banking, retail banking, treasury, auto loans, two-wheeler loans, personal loans, loans against property, consumer durable loan, lifestyle loan and credit cards. Along with this various digital product are Payzapp and Smart BUY.



REVIEW OF LITERATURE

Purvi Derashri, (2020) When it comes to the two largest banks in India as of June 2020, it is clear that HDFC Bank, from the private sector, and SBI, from the public sector, are the clear frontrunners, based on their balance sheets, reach, and client base. HDFC Bank is one of the country's largest private banks, with more than five thousand locations. It is also one of the most profitable banks, with a net profit of 2,078 crores in fiscal year 2018-19 and a Gross Nonperforming Asset Ratio (NPA) of less than 2%. The State Bank of India (SBI), India's oldest and largest public bank (with a nearly 200-year history), is performing better than other public sector banks but worse than private sector banks.

Dr. Pramod Kumar Patjoshi, (2020) This study must investigate the impact of CSR contributions on the financial performance of Indian banking companies from 2014-15 to 2018-19. The study's sample banking companies include Axis Bank, Yes Bank, Kotak Mahindra Bank, ICICI Bank, HDFC Bank, IndusInd Bank, and Federal Bank. The study considered four financial efficiency measures as dependent variables, including Net Profit Margin (NPM), Return on Equity (ROE), Return on Total Assets (ROTA), and Return on Investment (ROI), as well as CSR contribution as a control variable. To study the objectives and investigate the hypothesis, various tools such as descriptive statistics, correlation analysis, and regression analysis were used. According to the study, none of the sample banking companies considered for the study made any CSR contributions. Regression analysis, on the other hand, indicates that ROE and ROI have a negative but statistically significant relationship with CSR contribution at 10% levels of sample banking companies during the study period.

Benson Kunjukunju (2020) in his work entitled "Corporate Social Responsibility: A Case Study of State Bank of India" studied the CSR spending pattern of State Bank of India. The study shows that though the bank is making efforts in CSR areas more emphasis is to be put on the initiatives. The bank is not even meeting the regulatory requirements. The study concluded that RBI should be more stringent in issuing guidelines pertaining to setting apart of funds for CSR initiatives by banks.

Kunjukunju Benson (2020) in his study "CSR in Banking Sector- An Empirical Study on Yes Bank Limited" shows that though there is a growth in CSR spending of Yes Bank Ltd. (31 per cent), it is disheartening to observe that Yes Bank is not taking serious efforts to spend the whole amount set apart for CSR activities in each year. It is also observed that The study covered the concept of CSR and an understanding of the activities and practices undertaken by HDFC Bank for the fulfilment of CSR. The study covers a period of 5 years starting from 2016-17 to 2020-21.

OBJECTIVE

- To analyze the CSR practices among HDFC Bank.
- To identify the CSR issues in HDFC Bank.

PRACTICES

The below mentioned in csr initiatives are practiced by the hdfc bank to create a mass impact on the society welfare

- Financial inclusion: HDFC Bank has started a number of initiatives to advance financial literacy and inclusion in India. These initiatives include providing banking services to low-income households and small businesses as well as working with government organizations to help financially disadvantaged communities.
- Education: The bank has set up several educational programs, such as the HDFC Bank Parivartan Program, which aids in the education of impoverished children in rural India.
- Environment: HDFC Bank is dedicated to lowering its environmental impact and has put in place several green measures, including cutting back on paper use, installing solar panels in branches, and supporting energy-efficient activities.
- Women's self-help groups (SHG) program, which offers training and access to finance for female entrepreneurs, is one of the bank's many initiatives aimed at empowering. The main goals of HDFC Bank's CSR programs are to support sustainable development and women.
- Disaster relief: By giving affected communities financial help and collaborating with relief organizations to give aid and support, HDFC Bank supports disaster relief operations.
- Add value for its stakeholders: The bank's dedication to CSR is a sign that it recognizes how closely its performance is correlated with the prosperity of the communities it supports.

ISSUES

A significant component of HDFC Bank's business strategy is corporate social responsibility (CSR), and the bank has launched a number of CSR-related activities. Yet just like any other company, HDFC Bank likewise has CSR-related problems. The following are some of the difficulties HDFC Bank has with CSR:



- Profit and social responsibility must be balanced because HDFC Bank is a business institution with a focus on shareholder returns. Even though the bank has implemented a number of CSR programs, there may be occasions when its desire for profit conflicts with its social obligation. In these situations, the bank must balance its profit-making goals with its social obligation.
- Accountability and transparency: HDFC Bank must make sure that its CSR initiatives are accountable and open. The bank must inform its stakeholders about its CSR initiatives and make sure they are aware of their effects. The bank must take responsibility for the resources it allocates to its CSR programs.
- The expectations of HDFC Bank's stakeholders, including its customers, staff, shareholders, and the general public, must be taken into account when planning its CSR efforts. The bank must consider the wants and needs of its stakeholders while developing its CSR programs.
- Taking on social and environmental challenges: HDFC Bank operates in a complex environment and has a number of issues to deal with. Via its CSR programs, the bank must address these issues. Poverty, inequality, climate change, and environmental degradation are some of the difficulties that HDFC Bank faces. The bank must successfully handle these issues in the creation of its CSR programs.

Overall, HDFC Bank has made a number of actions to deal with these problems and make sure that its CSR programs are successful, open, and consistent with stakeholder expectations. But, there is always space for improvement, so the bank must keep track of and tweak its CSR programs to make sure they have the desired effects.

CSR IN HDFC BANK (SCOPE)

Education: To assist education, HDFC Bank has launched a number of initiatives, especially in the areas of digital literacy, financial literacy, and vocational training. To give poor populations access to education and training opportunities, the bank has worked with a number of organizations.

Healthcare: HDFC Bank has also made efforts to support the industry, particularly in the fields of cancer treatment, maternity and child health, and preventative healthcare. In order to give marginalized populations access to healthcare services, the bank has worked with a number of hospitals and healthcare organizations.

Sustainability of the environment: HDFC Bank has put in place a number of efforts to encourage environmental sustainability, including lowering its carbon footprint, boosting renewable energy, and assisting with waste management and recycling programs.

Community development: HDFC Bank has put into action a number of programs to aid with community development, particularly in the areas of sanitation, water supply, and disaster relief. In order to assist community development efforts, the bank has partnered with a number of NGOs and community organizations.

In general, the HDFC Bank's CSR program has a wide range of initiatives. The bank has cooperated with numerous groups to pursue a number of programs to solve important social and environmental concerns. The bank's CSR programs are in line with its corporate goals and are meant to have a long-term positive impact on society and the environment.

ISSUES FACED BY HDFC BANK IN CSR PRACTICES

- **Mis-selling of financial products:** There have been instances where HDFC Bank employees have allegedly sold financial products such as insurance policies and mutual funds to customers without disclosing the risks associated with them. This has resulted in customers suffering financial losses and eroded their trust in the bank.
- **Non-compliance with environmental norms:** HDFC Bank has faced criticism for not adhering to environmental norms in some of its operations, such as not properly disposing of electronic waste generated by its branches and offices. The bank has also been accused of funding environmentally damaging projects, such as coal-fired power plants.
- **Discrimination in lending:** There have been allegations of HDFC Bank discriminating against certain sections of society in its lending practices, such as denying loans to people from certain communities or discriminating against women borrowers.
- **Poor customer service:** Despite being one of India's largest private sector banks, HDFC Bank has faced criticism for poor customer service, particularly in resolving customer complaints and grievances.

PRINCIPLES OF CSR ADOPTED BY HDFC

The concept of CSR extends the responsibility of companies beyond the interest of their owner's others stakeholders group highlighting the necessity to internalize the impact of business activities on the natural environment and society. Responsibility of the financial operations not only affects the above members but also



the entire society. Accountability, Transparency, ethical behavior, Respect for stakeholder interest, Respect for rule law, and international nomos of behavior and human rights are the main principles mostly adopted by all the financial institutional to lead a success impact on the society and for their institution.

CSR ACTIVITIES OF HDFC BANK

- Rural Development.
- Skill Development and livelihood enhancement.
- Promotion of education
- Healthcare hygiene.
- Financial literacy.

CONCLUSION

Based on the results of the survey, it is clear that Corporate Social Responsibility is a priority for all Indian bank today. Given that it contains an in-depth analysis of a top private bank this study was conducted primarily to ascertain what elements influence HDFC bank customer's level of happiness and loyalty.

REFERENCES

1. **Purvi Derashri (2020)** *Comparative Study of HDFC Bank and SBI* ISSN: 2249 –0892.
2. **Dr. Pramod Kumar Patjoshi, (2020)** *This study must investigate the impact of CSR contributions on the financial performance of Indian banking companies.*
3. **Benson Kunjukunju (2020)** "Corporate Social Responsibility: A Case Study of State Bank of India", *International Journal of Advanced Multidisciplinary Research, (IJAMR) Volume 7, Issue 8, ISSN: 2393-8870, Impact Factor: 3.565, ICV: 80.43, August-2020.*
4. **Kunjukunju Benson (2020)**, "CSR in Banking Sector- An Empirical Study on Yes Bank Limited", *American Journal of Multidisciplinary Research and Development (AJMRD), Volume 2, Issue No.10, ISSN: 2360-821X, October 2020.*