

## A road way to corporate social responsibility: A policy of ICICI bank in India

<sup>1</sup> Chhaya Shakya, <sup>2</sup> Dr. Sanjay Bankar

<sup>1</sup> Research scholar, Barkatullah University, Bhopal, Madhya Pradesh, India

<sup>2</sup> Guest Faculty, Raja Bhoj Govt. College, Mandideep, Dist. Raisen, Madhya Pradesh, India

### Abstract

Corporate Social Responsibility (CSR) has been a long-standing commitment at ICICI Bank and forms an integral part of ICICI activities. The Bank's contribution to social sector development includes several pioneering interventions, and is implemented through the involvement of stakeholders within the Bank and the broader community. The Bank established the ICICI Foundation for Inclusive Growth (ICICI Foundation) in 2008 with a view to significantly expand the activities in the area of CSR. Over the last few years ICICI Foundation has developed significant projects in specific areas, and has built capabilities for direct project implementation as opposed to extending financial support to other organizations. The objective of the Bank is to pro-actively support meaningful socio-economic development in India and enable a larger number of people to participate in and benefit from India's economic progress. This is based on the belief that growth and development are effective only when they result in wider access to opportunities and benefit a broader section of society. In this paper we focus to CSR conducted by the ICICI bank in India.

**Keywords:** Corporate Social Responsibility, ICICI Bank, Private sector

### 1. Introduction

The concept of Corporate Social Responsibility is not a new one but its focal point changes with the changing requirements of business and varying social needs. The concept of CSR was first mentioned in 1953 in the publication of "Social responsibilities of businessman" by William J. Bowen. However the term CSR became only popular in the 1990s. When the German Beta pharma generic pharmaceutical company decided to implement CSR. CSR is a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment. It is represented by the contributions undertaken by companies to society through its business activities and its social investment. CSR has been

making an increasingly prominent impact in the Indian social system by supplementing development projects. But it is not a novel concept in India as its historical roots goes till the Vedic age. Today Banking Sector growing larger and powerful than before. Various Non-government organizations put pressure on Banks to act responsibly towards their stakeholders. Thus pressure has given rise to the concept named Corporate Social Responsibility. CSR defined as "the economic, legal, ethical, and philanthropic expectations placed on organizations by society at a given point in time." (Carrol and Buchholtz, 2000:35). Corporate Social Responsibility (CSR) ensures the sustainable growth of an organization through environmental, economic and social feasibility!



Fig 1

CSR is an emerging industry that provides a vibrant stage and corporate culture for interactions among organizations and their stakeholders. It develops a *picture-perfect* scenario for effective management and growth of social values along with a *fountain* of cutting-edge development at global level. Affecting nearly 13000 companies in India, CSR has enticed full-fledged operations through an excessive demand for young candidates.

**2. ICICI Bank**

ICICI Bank was established in 1996 by the Industrial Credit and Investment Corporation of India, an Indian financial institution, as a wholly owned subsidiary. The parent company was formed in 1955 as a joint-venture of the World Bank, India's public-sector banks and public-sector insurance companies to provide project financing to Indian industry. The bank was initially known as the Industrial Credit and Investment Corporation of India Bank, before it changed its name to the abbreviated ICICI Bank. The parent company was later merged into ICICI Bank. ICICI Bank launched internet banking operations in 1998 ICICI's shareholding in ICICI Bank was reduced to 46 percent, through a public offering of shares in India in 1998, followed by an equity offering in the form of American Depository Receipts on the NYSE in 2000. ICICI Bank acquired the Bank of Madura Limited in an all-stock deal in 2001, and sold additional stakes to institutional investors during 2001-02. In the 1990s, ICICI transformed its business from a development financial institution offering only project finance to a diversified financial services group, offering a wide variety of products and services, both directly and through a number of subsidiaries and affiliates like ICICI Bank. In 1999, ICICI become the first Indian company and the first bank or financial institution from non-Japan Asia to be listed on the NYSE. In 2000, ICICI Bank became the first

Indian bank to list on the New York Stock Exchange with its five million American depository shares issue generating a demand book 13 times the offer size. In October 2001, the Boards of Directors of ICICI and ICICI Bank approved the merger of ICICI and two of its wholly owned retail finance subsidiaries, ICICI Personal Financial Services Limited and ICICI Capital Services Limited, with ICICI Bank. The merger was approved by shareholders of ICICI and ICICI Bank in January 2002, by the High Court of Gujarat at Ahmadabad in March 2002, and by the High Court of Judicature at Mumbai and the Reserve Bank of India in April 2002. In 2008, following the 2008 financial crisis, customers rushed to ATM's and branches in some locations due to rumors of adverse financial position of ICICI Bank. The Reserve Bank of India issued a clarification on the financial strength of ICICI Bank to dispel the rumors. ICICI Bank is India's largest private sector bank with total assets of Rs. 5,946.42 billion (US\$ 99 billion) at March 31, 2014 and profit after tax Rs. 98.10 billion (US\$ 1,637 million) for the year ended March 31, 2014. ICICI Bank was originally promoted in 1994 by ICICI Limited, an Indian financial institution, and was its wholly-owned subsidiary. ICICI Group Companies offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its group companies. In Corporate Social Responsibility of ICICI Bank is deeply engaged in human and economic development at the national level. The Bank works closely with ICICI Foundation across diverse sectors and programs. ICICI Bank's Social Initiatives Group (SIG), a non-profit group set up within ICICI Bank in 2000, pioneered our work on primary health, elementary education and access to finance. In January 2008, ICICI Group established ICICI Foundation for Inclusive Growth, which carries forward this legacy.

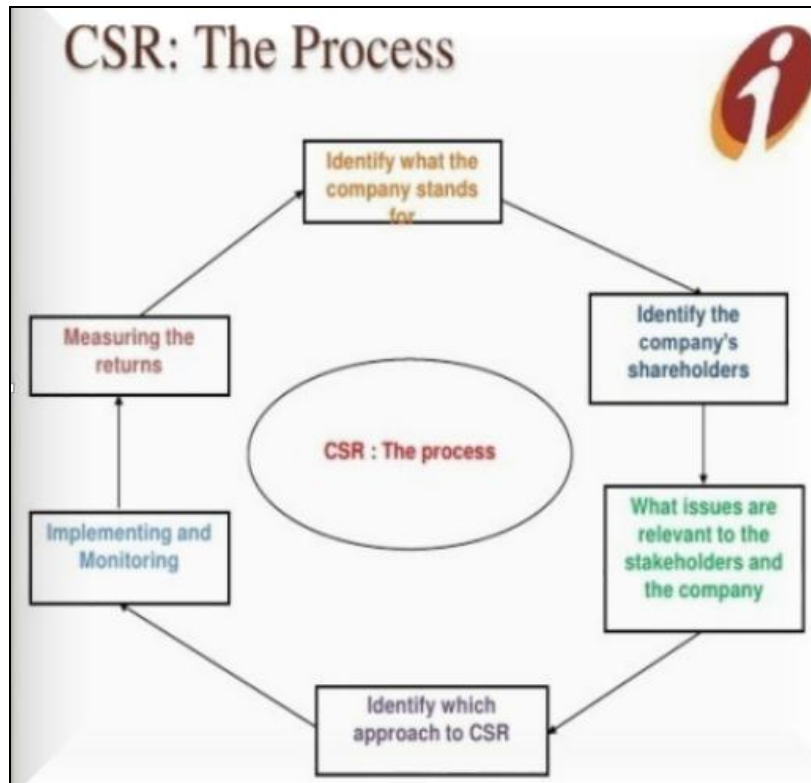


Fig 2

In India the banking sector plays a very dominant role in the development of the economy. The Banking sector can be separated into private sector banks and public sector banks. In this paper a study is piloted on ICICI Bank which is one of the big players of private sector bank. Apart from the basic banking services the ICICI bank is also indulged in taking CSR initiatives towards the benefit of society. CSR is a term which means Corporate Social Responsibility can be elucidated 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”. CSR is fair not the charity it is additional to that. In this paper the data of ICICI Bank for the five years is taken and deliberate. An increase in the involvement is seen by the bank as the year permits.

### 3. Review of Literature

- **Namrata Singh & Rajlaxmi Srivastava (2014):** A Road Way to Corporate Social Responsibility: A Case Study of ICICI Bank”, the present study elucidates the basic banking services the ICICI bank is also indulged in taking CSR initiatives towards the benefit of society. The data of ICICI Bank for the five years is taken and studied. An increase in the contribution is seen by the bank as the year passess. The study tries to through the light on different CSR initiatives conducted by ICICI Bank in the recent years.
- **Megha Mehta (2014)** <sup>[1]</sup>: the corporate social responsibility adopted by ICICI bank” the present study focuses particularly on ICICI bank and it explores the three layers of CSR activities for ICICI Bank, are primary or elementary education, health at birth and microfinance. While primary education connects the poor and the uneducated to the larger economy, activities in health and micro-finance have a direct link with the bank. The practice of carrying out the responsibility for the general population not only enhances the governance of the bank but also eases out attraction and retention of employees and customers.
- **Sen (2006):** In his study also states the importance of customers CSR awareness: “awareness of a company's CSR initiatives among its consumers is a key stumbling block in its quest to reap strategic reward from its CSR activities: consumers’ ability to accurately identify the CSR activities of the firms they consume from is, in general, quite low”. The same study did an experiment after a Fortune 500 consumer packaged-goods Company gave a substantial gift to a large public university in support of an education and development center for underprivileged children living in communities near the university campus.

### 4. Objectives of the Study

The Present study aims to evaluate the different dimensions of Corporate Social Responsibility with respect to ICICI bank:

- To understand the concept of CSR.
- To study the CSR conducted by the ICICI bank in India.

### 5. Methodology

The Research design in this study is Descriptive research design, the ICICI Bank; a private sector bank is randomly

selected for this Study. The secondary data is collected from the annual report of ICICI bank of respective years from bank’s web site and from various journals.

### Corporate Social Responsibility of ICICI bank in India Primary Healthcare

In the area of primary health, our goal is to improve the delivery of health services to women and children from remotely located and low-income families. Strengthening Convergent Action for Reducing Child Under nutrition as Recognising the urgent need to improve the situation with regard to child health and nutrition, since November 2011, ICICI Foundation for Inclusive Growth, in partnership with the Department of Women and Child Development (DWCD), Government of Rajasthan, is implementing a pilot project in Baran district to improve the nutritional status of 0-5 year olds through a three-pronged, comprehensive approach of prevention, management and treatment of under nutrition. The project was launched on a pilot basis in 253 Anganwadi Centres (AWCs) of Shahabad and Kishanganj blocks in Baran district and has subsequently been scaled across the two blocks covering 502 AWCs. We have been working with the state government to strengthen the Integrated Child Development Services (ICDS) system in Baran, a remote district where Rajasthan’s sole Primitive Tribal Group (PTG) i.e. Sahariyas reside. High levels of child under nutrition and mortality have been reported and the state government is keen to accelerate development efforts here. The project has been developed after analysing the situation on child health and nutrition in detailed consultations with the state and district officials who have identified improving ICDS service delivery and generating community awareness on child health and nutrition as a priority. The initiative works to strengthen the delivery of services under ICDS and National Rural Health Mission (NRHM) with a focus on supplementary nutrition, growth monitoring, referrals, health and nutrition education and health-checkups, as appropriate, for adolescent girls, pregnant and nursing mothers and 0-5 year old children.

### Elementary Education

ICICI Foundation believes that access to quality education is a prerequisite for India’s growth to be inclusive. Therefore, we support various education programmes in partnership with government institutions, aimed at systemic improvement in teaching-learning outcomes across Government sector schools. After working in systemic curriculum and education reform through ICICI Bank for over a decade, we entered into a six-year collaborative partnership with the Government of Rajasthan in April 2011 and the Government of Chhattisgarh in July 2012 to implement the School and Teacher Education Reform Programme (STERP). This initiative aims at delivering child-centric learning environments in government schools. Our partnership with the government is designed to support and enable education functionaries to deliver quality education in alignment with the current government mandates and to strengthen the state’s teacher education apparatus by way of building a strong resource buffer of a Teacher Educator Group from within the State Academia.

ICICI Foundation understands that the teacher’s role is critical in ensuring a meaningful learning experience for the child and bringing about a qualitative change in the teaching-learning process. Towards this objective, the in-service teacher training

has been redesigned to facilitate the use of new textbooks by teachers in the classrooms in a child-centric manner. Around 1000 Key resource persons (KRPs) have been trained, who further trained 5200 master trainers (MTs). Using a cascade model, 131,000 teachers have been trained in the new curriculum and textbooks in Rajasthan. The revision and development of new curriculum & syllabus for pre-service teacher training has been completed and is being used across 33 DIETs and 234 private teacher training institutes across Rajasthan, benefitting 15,000 Student-Teachers and 2,700 faculty members every year. Capacity-building of the DIETs and block-level functionaries has been undertaken to support the in-service teacher education curriculum and teachers inside schools. In Chhattisgarh, a similar cascade model is being adopted for training in-service teachers. There were 45,000 professionally untrained in-service teachers facing disqualification as per RTE Act and imminent removal from service rolls. In response to this, the appropriate course was designed, 2500 KRPs were trained and 42,000 teachers have been professionally trained thus far through open distance mode (ODL) and their certification has been cleared through State Education Board. Similarly, certification of 15,000 professionally untrained Science teachers is also under way adopting the same ODL mode, while work on revision of existing Teacher Education curriculum (B.Ed.) is in progress.

### **Skill Development & Sustainable Livelihood**

Skill development and sustainable livelihood is a major focus area for ICICI Foundation to leverage India's demographic dividend for inclusive growth. And India is going to have a large supply of young people who will be ready to join the workforce and participate in the economic development. Providing livelihood to underprivileged youth is essential to ensure their effective participation in the growth of the country. As a step in this direction, ICICI Foundation launched a nationwide skill development initiative, ICICI Academy for Skills (ICICI Academy), in October 2013 to impart vocational training to the youth.

### **Financial inclusion**

A key enabler towards inclusive growth is the provision of banking services to India's rural poor. AS Financial literacy is the first step to achieve financial inclusion, creating the need to seek and receive financial services and products. To increase awareness about organised banking and insurance channels, ICICI Foundation provides a Financial Literacy Programme. ICICI Foundation through its Rural Self Employment Training Institutes reaches out to unemployed rural youth and engages them in a Financial Literacy Programme spanning 12 hours of training. It is an integral part of all courses conducted at the ICICI RSETIs. The module engages with the youth through audio-visuals, flip-charts, games and self-analysis questionnaires. The training focuses on building awareness and cultivating healthy financial habits such as maintaining financial records, regular savings and investments. As a result, many of our trainees are now actively using banking channels and have secured credit linkages. The project titled Universal Access to Finance. In the area of access to finance, our goal is to ensure universal financial inclusion. Over the last decade, ICICI Group has had a significant impact on virtually every aspect of India's expansion in access to finance, including:-

**Channel and Technology Architecture** This is perhaps the area in which ICICI Group has had the most impact, virtually changing the entire financial inclusion landscape within the country. By introducing new models to deliver rural and micro credit, promoting the SHG-Bank Linkage, steering the introduction of Business Correspondents in India, and supporting organisations like FINO and Micro Save, ICICI Bank has provided considerable leadership and technical expertise to enable financial inclusion. Training, Research and Policy Advocacy ICICI Bank is conscious that for mainstream financial institutions, working in rural India and with poor households is relatively uncharted territory. It has tried to base its growth strategies on sound evidence on what works at the household and local economy levels. In order to catalyse high quality work in the areas of training, research and policy advocacy, it supports and works closely with centres that research issues related to access to finance.

**Product Design** ICICI Bank has combined its expertise in financial engineering with the insights generated by its partners and allied research institutions. ICICI Bank and other ICICI Group companies have designed and are taking to scale a number of products including:

- (a) index-based rainfall insurance,
- (b) Catastrophic health insurance,
- (c) Working capital facilities for agriculture traders,
- (d) Working capital facilities for artisans,
- (e) Take-out finance for start-up local financial institutions,
- (f) Warehouse receipt based financing,
- (g) Credit to low-income households through the partnership model and
- (h) Savings to low- income households through the banking correspondent model.

### **6. Conclusion**

Basically CSR is the relation between the society and the Company without which the mutual understanding between the society and the companies not possible and it will affect the companies environment identifying a firm's CSR type might shed light on certain aspects of its companies decisions. It could pose questions, linking the firm's character to, say, companies branding approach or its outsourcing activities. CSR is not a new concept and the role of CSR is an integral part of companies. Treating CSR as a compulsion will disregard the very essence CSR by the business enterprises. ICICI Bank has well developed Corporate Social Responsibility initiatives in place. The focus on the rural sector is through Village Knowledge Centres and Farmers' Clubs etc. We also have schemes for the girl child, where we take care of education expenses. Initiatives are in place in other areas such as providing drinking water for schools. All our CSR initiatives have shown good results and they are an ongoing part of our contribution to the building of this nation.

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