CHAPTER II
OBJECTIVES AND METHODOLOGY

In this chapter the research problem is stated and a survey of literature is carried out to identify the research gaps in relation to it. Further the objectives of the study and hypothesis formulated for testing are stated. The methodology adopted for the study is described in detail.

Research Problem:

The ongoing discussion on the social responsibility of banking gives rise to the question to what extent the concept of social responsibility is relevant to commercial banking in India? The question can be sub-divided as follows:

(i) What social responsibilities did banks undertake in India?
(ii) Are there any differences in the social responsibility practices of banks in Public sector and Private sector?
(iii) How did banks refer their social responsibility in their annual reports?

A brief survey of literature is made to note the findings related to these issues raised. The available literature is organised under the following heads:

(A) Studies of opinions and practices of social responsibility in the organisations
(B) Studies on performance and profitability of banks
(C) Studies on social responsibility of banks

Literature survey:

The research on social responsibility was considerably large covering a wide range of enterprises. It identified executive opinions and evaluated organisational practices. Some of the studies are reviewed in the following pages:
(A) Views of Social Responsibility:

Table II.1 summarises the research works elaborated here:

Louis (1969)\(^1\) was one of the first to survey managers with regard to social problems. His survey of 350 executives polled by "Fortune" magazine showed that 10% felt that the sole business of business was to make a profit, at the end of the spectrum were 17% who said that business should assume social responsibility even at the cost of reduced profits. In the same poll, 95% of the respondents said their companies were involved in the social programmes.

Harvard Business Review (1971)\(^2\) made a survey of 3453 of its subscribers and asked them how they thought of each of the following observations were:

1. A Corporation's duty is primarily to its owners and only to its owners
2. A Corporation's duty is primarily to its owners and secondly to employees, customers and public
3. A Corporation's duty is to serve as fairly and equitably as it can, the interests of the four and sometimes competing groups – owners, employees, customers and the public
4. The primary duty of the enterprises is to itself and to ensure its future growth and continued function as a profit making, supplier of goods and services

For the above statements, 61% favoured third and 2% favoured first etc.

John Steiner (1975)\(^3\) conducted direct interviews with top executives about their beliefs. He made videotapes of 15 Chief Executive Officers of major corporations in a continuing series concerned with their social attitudes and found that they were favourable to social responsibility.
Gill and Leinbach (1983)\textsuperscript{4} studied the attitudes concerning social responsibility by taking a sample of 83 companies in Hongkong. They found that there was an understanding and appreciation to corporate social responsibility.

Abdul Farooq Khan (1984)\textsuperscript{5} made an investigation into the perceptions of corporate social responsibility among 41 senior executives in Delhi and Ghaziabad districts in UP in India. He found that 98\% of respondents agreed that social responsibility was relevant to business.

Webley (1974)\textsuperscript{6} reported in his survey that over 90\% of the Chief Executives in UK questioned agreed with the statement that the company had functions and obligations beyond the pursuit of profit.

Harman and Humble (1974)\textsuperscript{7} found in a survey of opinions in Britain for the Management Centre, Europe that there seems to be an increase in general in the awareness and acceptance of social responsibility in business.

Gopala Krishna (1992)\textsuperscript{8} using a mailed questionnaire conducted a study based on a sample of 529 managers occupying top and middle level positions in public and private sector undertakings in India. About 91\% of the managers viewed that there was a rise in public demand for socially responsible behaviour by industry. Some of the public criticisms validated by them included – enterprises buy support from political parties by making campaign contributions, thrust heavy external cost on the public in pollution and do very little to promote the interests of consumers.

A study was undertaken by Jayaraj Jadeja\textsuperscript{9} (1994) to examine the approaches to social responsibility in industrial houses of Gujarat. The study covered industrial houses of Lalbhais, Mafatlal's, Elecon and Jyothi. The study observed that all these houses have a definite philosophy of
social responsibility. They treat it as a moral obligation and not a debt to the society.

Based on the above studies it can be concluded that several executives in many companies have accepted that business has social responsibility.

(B) Research on Social Issues:

Coppock and others (1972)\textsuperscript{10} studied 300 randomly selected issues of Newsweek, Time and Business week and 285 annual reports of 57 corporations for the years 1965, 1967 and 1971. This study showed a substantial increase in pressures and business to undertake social programmes. The business response to particular types of programmes varied somewhat extent with the social pressures for action. During the years studied a total of 1963 different issues were reported.

Corson and Steiner (1974)\textsuperscript{11} sent a questionnaire to 750 companies concerning their social programmes and received responses from 284 of them. The two programmes which received the most attention were ensuring employment and advancement opportunities for minorities and direct financial aid to schools.

Another broad comparative survey is that of Buehler and Shetty.\textsuperscript{12} They studied 232 major corporations from among the Fortune 500 to determine how and to what extent they were involved in social programmes. The research indicated that the greatest involvement in social programmes concerned quality control to meet consumer expectations, anti-pollution activities, employment and training.

Sethi (1974)\textsuperscript{13} has made an extensive library research analysis of social programmes of companies such as Pacific Gas & Electric Company's (San Francisco) problems with the construction of a nuclear
power plant at Bodega Bay, the Eastman Kodak's conflicts with minority
groups and Crown Sellacbach Corporation's policy with respect to equal
employment opportunity regulations under the Civil Rights Act of 1964.

Moss (1971)\textsuperscript{14} reported in his study of consumer affairs
programmes of Fortune's largest 300 industries, that the companies
accorded major importance to quality control, design improvement and
bettering customer service.

Abdul Farooq Khan (1983)\textsuperscript{15} in his study of 41 British companies
found that Medicare, quality control, employment and training,
contributions to education, air and water pollution are receiving greater
attention.

In yet another study of perceptions of 41 senior executives in India,
Abdul Farooq Khan (1984)\textsuperscript{16} found that control and product design
improvements received greater priority than urban renewal and
development, cultural activities and environmental affairs.

In a study of 350 top managers Louis (1969)\textsuperscript{17} asked them to
choose the social problems that deserve top priority. The results
indicated that education, pollution and minority improvement were top
priority items.

Eilbirt and Parket (1973)\textsuperscript{18} collected responses from the executives
of 96 companies. The priority areas identified were educational
contribution, ecology and minority living.

Cohn (1970)\textsuperscript{19} surveyed 247 industrial and financial corporations.
They listed three areas viz., donations, minority hiring and hard core
hiring. The results showed that financial corporations and greater
involvement in the areas than industrial corporations.
Gopala Krishna (1992)\(^{20}\) in his survey of management attitudes of 529 managers in India identified the following as high priority social areas of effort ─ Job creation, internal employee service programmes, society relief and reconstruction, support of small enterprises and consumerism.

In a study on corporate social responsibilities in India (A Study of Social involvement in Oil Refineries) Lalitha Ramakrishnan (1994)\(^{21}\) observed that the priority areas of the oil refineries included environmental protection, resource conservation, health, medicare, education, training and employment, rural development and social assistance and relief.

Satnam Singh Gulshan (1979)\(^{22}\) made a study of corporate social responsibilities with reference to joint stock companies in India and observed that the significant areas of social responsibility activities implemented by companies are pollution control, minority groups, upliftment, assistance to community and social welfare programmes etc.

Ranganathan (1981)\(^{23}\) made a study of social responsibilities of large-scale units in India and confirmed that they have incorporated various social programmes in their social activities plans which include welfare of employees, donations to educational and philanthropic causes and pollution control etc.

Jadeja (1994)\(^{24}\) identified that industrial houses in Gujarat, viz., Mafatlal, Lalbhai and Elecon pursue activities in the areas of health care, education and rural development.

Based on the above studies it can be concluded that companies undertook social programmes which included:

- Quality Control
- Environmental protection
- Employee services
♦ Resource conservation
♦ Employment and training
♦ Philanthropy
♦ Minority hiring
♦ Rural development

(C) RESEARCH ON BANKS:

The research works, seminars and committee reports on banks performance and policy changes are outlined here:

(i) Policy issues:
A descriptive and analytical study made by Rangarajan25 (1982) focussed on the significant changes issues, problems that have taken place in the Indian Banking System since the nationalisation of 14 major commercial banks in 1969, particularly in the field of deposit mobilisation and credit deployment and suggested new approach to lending through district credit plans, village adoption scheme credit camps and group system. The study covered the period 1972-79.

(ii) Performance:
V.S.Kaveri (1982)26 evaluated the performance of nationalised banks in rural, semi-urban, urban and metropolitan centres by selecting a sample of 1206 branches. He came to the conclusion that branches which are getting losses had a higher credit-deposit ratio in rural and urban areas.

'Banks since Nationalisation' a study of Economic Research Division of Birla Institute of Scientific Research (1981)27 the study period of which is 1968-77, gave a comparative performance between the nationalised major commercial banks (14) and major private sector banks (13). The study concluded that the performance of the private sector banks has bee noteworthy.
Gangadhar Khan (1978) evaluated the functioning of commercial banks both in public and private sectors on the basis of criteria like expansion of banking services, encouraging bank habit, adaptation of new techniques and innovations in lending by commercial banks in rural areas.

A study on profitability of 14 nationalised banks by R.S. Dhanjagan and V. Selvarajan (1983) proved that 7 banks have more earning capacity.

A study on deposit mobilisation by private sector banks in India was organised by Katilya Perumal (1982) concluded that among the private sector banks, the Vysya Bank Ltd., established a lead role in the mobilisation of deposits over other private sector banks.

B. Satyam Murthy (1991) made a study of profitability trends in scheduled commercial banks during the period 1970-82 observed that mounting over dues has become a major impediment for improving the profitability of banks in India.

Robert M (1992) also made a study of profitability in public sector banks in India and made a similar observation as made by Satyam Murthy in his study.

Similar studies on profitability of private sector commercial banks was made by Vinod Kumar (1984) who concluded that the Vysya Bank Ltd., has been making rapid strides in improving its profitability over the other private sector commercial banks.

O.P. Mathur (1978) studied the role of public sector banks as an instrument for the rapid growth of the Indian economy in general
and working of SBI and its associates in particular, and observed that their development role is noteworthy.

From the above studies it can be said that most of the private sector banks and some public sector banks performed profitably. Vysya Bank in private sector and SBI and its associates in public sector performed creditably. The lending practices in rural areas need innovative approach. Credit-deposit ratio and over dues are to be controlled for profitable operations.

(II) SOCIAL RESPONSIBILITY OF BANKS:

(a) Customer orientation and service:

Kannaji Rao (1994)\textsuperscript{35} made a study of marketing of services in commercial banks with special emphasis on the marketing operations of Andhra Bank and observed that the banks made significant changes in the product, price, place and promotion strategies to reach the target market more effectively.

A similar study was also conducted by Gopal Saxena (1992)\textsuperscript{36} to review the marketing strategies of State Bank of India and concluded that the bank is ahead of other public sector banks in adopting new technology to improve their products in order to enhance their satisfaction of their customers.

The Government of India appointed a working group on customer service in banks under the Chairmanship of Sri R.K. Talwar (1977)\textsuperscript{37}. The group submitted its final report in 1977 in which 176 recommendations were made to improve the customer service.

The study made by Dr. Rajiv Upadhyaya (1985)\textsuperscript{36} concluded that customer services rendered by banks in India were of poor
quality and most of them were not even conscious of their responsibility towards the community and special groups.

A comparative study of public and private sector banks of large and small size was organised by M.S.Narayana (1988) on customer services in commercial banks. Based on the reported attitudes of consumers it concluded that the attitude of banks staff towards customers should undergo a change in all the banks to improve services which are less satisfactory.

b) Social Responsibility areas:

The studies made by different researchers on the social responsibility areas are briefly presented in Table II.6.

Corwin and Theibolt have a case analysis of the employment and promotion of minorities in specific banks.

L.D.Mellow (1980) in his study points out that over the span of 11 years the commercial banks have succeeded in channelising sizable amount of credit to priority sectors. However, qualitatively such as extension of credit lacked in direction and failed to fulfil the social objective of planning.


Ramesh (1989) made a case study of Andhra Bank during the period 1969-87 and concluded that the performance of the bank in respect of priority sector lending has been found to be very impressive in
spite of certain lapses in the maintenance of growth rates among individual components of priority sectors.

Anil Kumar (1985) made a study on performance evaluation of 14 nationalised banks with special reference to priority sector lending during 1970-80. He observed that their advances to each priority sector and advances of banking industry are positively related. The relationship is more strong and significant only in the case of advance to agriculture, small scale industries and exports but not so in case of other social priority sector areas like road and water transport operators, retail trade, small business, professionals, self-employed and education.

Ashok Kumar Bohra (1987) in his analytical study on the role of lead banks in rural financing in the State of Rajasthan, observed that the lead banks are very much necessary for the promotion of rural financing in the country.

(i) Small Scale Industries:

Rama Krishna (1962) in his thesis emphasised the importance and need for financing small scale sector. He dealt with all the external sources of finance for small scale sector such as state aid to this sector, State Financial Corporations, Commercial Banks and Co-operative Banks.

Satish Bahadur Mathur (1992) in his study on the role of commercial banks in lending to small scale sector concluded that small scale sector in India is facing serious problems which are to be addressed by commercial banks in India.

G.N.Brahmanandam (1983) studied on the financing small scale industries by commercial banks in Guntur District. He found that the overall performance of commercial banks in funding small scale industries
in the district however was not satisfactory when compared to the performance of banks in this respect in the state, Southern States and the country.

(ii) Finance to Agriculture:

In a study of agricultural financing in Bihar state K.P. Mukherjee (1976)\(^4\) has brought out the practical difficulties and problems of bankers in agricultural financing.

An important seminar was organised by RBI (1968)\(^5\) which dealt with specific problems of commercial banks in extending credit to agricultural sector.

Ravi Kumar Bhola (1983)\(^5\) studied the role of scheduled commercial banks in India in promoting agricultural development during 1969-81. He maintained that the scheduled commercial banks played a significant role in promoting agricultural development and suggested measures to improve recovery of advances from agriculture.

(iii) Self-employment:

A survey was organised by Daniel (1987)\(^5\) on the role of commercial banks in financing the scheme for self employment to educated unemployed youth in Karnataka State. He concluded that the assistance provided under the scheme was inadequate to opinion by beneficiaries.

(iv) Artisans and Minorities:

Nagaraj (1988)\(^5\) in a study about rural artisans points out that though rural artisans were included in weaker sections, the credit flow to them had been found to be very meagre.
The studies examined relationship between overall advances and priority sector lending and performance of banks in lending to priority sector areas.

Social issues and social concern:

The studies made by different researchers on the social concern and social issues of commercial banks are briefly presented as under:

(i) Social orientation and process:

The report of the All India Rural Credit Review Committee (1969) observed that for the whole of the country even after commercial banks had overcome their earlier reluctance of carry banking facilities to smaller centers and begun to drive deposits from such places which started growing steadily. They had not made any significant progress in fulfilling the complementary responsibility of meeting the credit needs of semi-urban and rural community.

K.N.Kobra and R.R.Suresh (1970) analysed in their study of banking operation in the context of the entire gamut of economic activities and worked out banking principles on the basis of social rationality than on the basis of private profit making.

In a field study of two commercial banks Murray (1976) concluded that the implementation of selected activities of social responsibilities is expected to cover through distinct stages and can take considerable time for full and satisfactory implementation.

Table II.5 summarises these studies. From the studies it is obvious that banks failed to render customer services and meet rural credit needs. There is a need for marketing strategy with customer orientation. SBI and Andhra Bank are making improvements in this regard.
(D) SOCIAL REPORTING:

(i) Approach:

G.L.Dave (1991) discussed the issues regarding measurement of corporate social reporting. He suggested that social report of the firm should include the contribution to the environment, consumption, product improvement, human resources and community investment. He pleaded to develop a suitable format for social reporting after identifying the information needs in accordance with social goal.

Guruswamy (1991) found that social audit in TISCO was very descriptive but not accounting oriented. He observed that none of the leading private sector enterprises have quantified their social activities. He pleaded for a suitable legislation for all the companies to compel them to make adequate disclosure of their activities to the society.

Samiuddin and Hifzur-Rehman (1991) observed that conventional measurement of profitability and growth as reflected in profit and loss account and Balance Sheet is not adequate enough to reveal the extent of contribution a business house has made to the community. While making a survey of social reporting practices in Indian companies, they concluded that it was unlikely that a systematised basis of reporting should be developed quickly in near future unless tremendous efforts were made by academicians, accountants and companies and the Government.

Sharma (1991) examined the scope of public interest reporting by business firms in India. He divided the reporting contents into business interests (ROI, leverage, contribution to state exchequer, expenditure on R&D etc.) and public interests (wages to value added index of real wages, index of accidents,
taxes to value added, employment to weaker sections, product quality improvements, pollution index etc.)

N.M. Panda (1993)\textsuperscript{60} dealt with the need of social reporting by the public sector enterprises and suggested a system and taxonomy of social reporting in the Indian context. It comprises (A) Contribution to state economy (net profit contribution, value added, foreign exchange gain, energy saved contribution to exchequer etc. (B) contribution to HRD-employment generation, development and welfare (C) contribution to environment-equipment, pollution type, costs of pollution (D) contribution to consumerism-product safety, after sales service index, product R&D, complaints etc. (E) contribution to community-road construction, education, games & sports etc.

(ii) Practices:

G.P. Verma (1991)\textsuperscript{61} conducted a case study of Oil India Ltd. Based on his findings he concluded that Oil India was performing its social obligations consciously and presenting the quantified disclosure in Hindi and English both in the form of separate schedule, value added statement and human resource accounting.

Deepak Gupta (1992)\textsuperscript{62} evaluated the social reporting practices of selected public sector undertakings using Social Disclosure Index (SDI) and examined the impact of a few organisational correlates i.e. Age, Capital employed, ROI, total assets and sales. With the SDI of PE's, Hindustan Copper Ltd, BHEL, NTPC and SAIL have high SDI. The organisational correlates have no relation with SDI.

Satish Chandra (1991)\textsuperscript{63} made a study of social reporting by Steel Authority of India Ltd (SAIL). The company adopted the
approach suggested by ABT associates, USA with suitable
modifications and presented Social Income Statement and Social
Balance Sheet. The three main groups which have been affected
by the social expenditure incurred by SAIL were employees,
community and general public.

Conclusions:
From the above survey of literature, the following conclusions are
discernible:

(1) Most of the executives in many companies have accepted that
business has social responsibility.

(2) Several companies undertook social programmes which
included the following:
   (a) Quality control
   (b) Employee services
   (c) Employment and training
   (d) Minority hiring
   (e) Environmental pollution
   (f) Resources conservation
   (g) Philanthropy
   (h) Rural development

(3) Social reporting is considered as important and the format and
contents are analysed by different writers. The cases of social
reporting by several companies are also reported. The need
for developing appropriate format and indicators is highlighted.

(4) Studies on the working of public and private sector banks
revealed that many of the private sector banks are making
profits. Among public sector banks SBI and its associates are
playing a good role. The impediments to the profitability are
high credit-deposit ratio and mounting overdues. There is a
need for innovative approach in lending.
(5) Studies on banks orientation to customers and society have pointed out the failure of banks in providing quality customer services. Also they failed to meet rural credit needs. The need for marketing strategy with customer orientation was recommended. It is found that SBI and Andhra Bank are making experiments in this regard.

(6) The studies on social responsibility of commercial banks indicated that priority sectors are the prime areas and the performance of Andhra Bank and Vysya Bank are impressive. The lending to SSI, agriculture, self employment schemes and rural artisans was inadequate and involved several problems. A strong relationship between overall advances and advances to agriculture, small scale industry and exports was found.

Research gap:

From the survey of literature it is evident that

(a) The research on social responsibility of banks was mostly at national level and there were very few studies on the social responsibility activities of specific banks.

(b) There are studies to know the attitudes of the managers of different organisations. However, there were very few studies on the study of attitudes managers of banks.

This study fills the gap by studying at micro level. social responsibility activities of specific banks as well as attitudes of managers.

Figure II.1 shows the analytic model of the study. The study seeks to compile and analyse data pertaining to advances and contributions to social responsibility activities of banks and make a comparative study of social performances.
Objectives of the study:
The present study has the following detailed objectives
1. To review the social role of commercial banks.
2. To highlight the existing practices of social responsibilities of selected banks in the areas of social performance.
3. To present the social reporting practices of selected banks.
4. To examine the attitudes of managers of banks towards the concept and implementation of social responsibilities of banks.
5. To compare the social performance and use of managers in private and public sector banks operating at different area levels, and thereby,
6. To offer suggestions for making social role of banks more effective.

Hypotheses:
The following hypotheses are formulated for testing.
1. The attitudes of managers are independent of ownership of banks.
2. The attitudes of managers are independent of area of operation of banks.

Scope of the Study:
The study is aimed at an exploration into the attitudes of managers that are inside their minds towards concept and operation of social responsibilities of banks with a view to discover answers to questions such as
1. Do executives consider social responsibility as a relevant concept?
2. What are the different areas which are considered as social responsibilities of banks?
3. What are the arguments for and against the social responsibilities of banks?
4. What are the problems encountered by their respective banks in the implementation of social responsibility?
5. Whether the subject of social responsibility has been discussed in the meetings of the banks?
6. Whether as formal plan relating to that is prepared or not?
7. What are the views of managers on problems in the implementation of social responsibilities by banks?
8. What are the opinions of managers on the performance of banks in different social areas?
9. What are the ratings of managers on social performance of their banks in the selected social responsibility areas?

Period of the study:

Period of the study is ten years which is considered to be adequate for a study of its kind. The information relating to social responsibility activities in the selected banks is obtained for the period covering ten years during 1991-2001.

Method of data collection:

Since the data needed for the present study are primary and related to the attitudes of managers in the select banks that are located at different places in India, mailed questionnaire method is employed for the collection of data. The mailed questionnaires are sent to head quarters of SBI at Mumbai, AB at Hyderabad and Vysya Bank at Bangalore. The investigator personally approached some of the managers of these banks at their head quarters and collected the filled in questionnaires from them. A pilot survey is conducted with a sample of thirty managers in selected branches of the select banks which are situated in Vijayawada and Guntur to finalise the mailed questionnaire. In the light of the experience gained in pilot survey the questionnaire is restructured. The specimen of the questionnaire is appended to the thesis. Another questionnaire was prepared to collect data from banks on the amounts spent and accounts assisted in the selected areas of social responsibility of banks. This questionnaire is also included in the appendix at the end of the thesis.
Data Sources:

The data inputs necessary for the study are of both secondary and primary sources.

1. Performance data of banks, Government policy pronouncements etc. are collected from secondary sources.
2. Attitudes of executives of banks are collected from primary sources with the help of a structured questionnaire.

The Sample:

As a study is aimed at ascertaining the attitudes of managers in three select banks the investigator made correspondence with all the banks seeking their permission to collect information on the social responsibilities of banks to elicit opinions from the managers of the banks. Most of the banks responded to the request of the investigator to provide information on the social responsibility of banks but did not permit the investigator to collect the information from their managers. Written requests are also addressed to the Chairman and Managing Directors of all the nationalised banks and Private Sector banks. Finally, three banks have given permission to provide information on the social responsibilities of their banks and also permitted to collect opinions from the managers of the banks. The banks which permitted the investigator are Andhra Bank (AB), State Bank of India (SBI) and The Vysysa Bank Ltd., (VB). The researcher visited the branches of the banks to collect data from managers besides mailing about 500 questionnaires. With these efforts the data from a sample of 378 managers (136 from AB, 119 from SBI and 123 from VB) are obtained details are shown in Table II.7
TABLE II.7
CHARACTERISTICS OF SAMPLE

<table>
<thead>
<tr>
<th>Ownership Area of Operation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Nationalised Banks (Public)</td>
<td></td>
</tr>
<tr>
<td>(a) Andhra Bank Regional</td>
<td>136</td>
</tr>
<tr>
<td>(b) State Bank of India National</td>
<td>119</td>
</tr>
<tr>
<td>B. Private Sector</td>
<td></td>
</tr>
<tr>
<td>(a) The Vysya Bank Ltd National</td>
<td>123</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>378</td>
</tr>
</tbody>
</table>

Data Analysis:

The raw scores to the various questions are tabulated in frequency form in relation to all managers and managers of SBI, AB and VB. The following statistical tools are used to analyse the data.

(a) Mean Scores:

For responses on the five point rating scale, weighted mean score values are computed. They represent the average measures of the attitudes of each group. Mean score equal to 3 represents uncertain attitude while greater than 3 represents favourable attitude. Mean score less than 3 indicates unfavourable attitude. Comparison of Mean scores gives an indication of the gap between the perceptions of the groups taken. The differences between the Mean scores are computed and ranked in descending order of disagreement (rank 1 represents highest, rank 2 higher disagreement and so on.) It facilitated the analysis of items where there is agreement / disagreement and what extent.
(b) Standard Deviations:

Standard Deviations are computed and presented. A small Standard Deviation means more compactness and less variability of the mean scores of the group.

(c) Percentages:

For responses to questions which are of Yes / No type and for the questions which allows multiple responses on the items given percentages of responses are computed.

(d) Chi-Square Test:

The chi-square tests are useful for investigating suspected relationships. In this study, one may suspect that for any individual, his response on a five point scale for any item is dependent upon his association with the area of the operation of the bank or the ownership of the bank. Area of operation is understood by regional or national and ownership is known by nationalised or private.

A contingency table of 2x5 for each item is setup and chi-square values are computed. Here, the managers are classified by two criteria, one having regional and national character of the banks and the other having responses on a five points scale. When the cell frequency is less than 5, pooling method is applied. In case of responses to yes are no type questions, 2x2 contingency tables are setup and chi-square values are computed.

The null hypothesis to be tested is that responses are independent of the ownership or area of operation. The null hypothesis is rejected when the computed chi-square value is greater than the table value at accepted level of significance. The level of significance accepted is 0.05. If the null hypothesis is rejected, it means that the groups have responded differently and hence disagreed significantly in their
perception with reference to that item. In the tables, chi-square values are given and the level of significance is indicated. When the computed chi-square value is less than the critical value (table value) at the accepted level of significance, the null hypothesis is accepted. It is indicated by NS (not significant). It implies that the groups have similar perceptions on the item. While the mean scores differences give the extent of disagreement / agreement, the chi-square tests determine the significance of such disagreement / agreement.

(e) Rank Correlation Coefficients:
To estimate the overall disagreement / agreement, rank ordering of the items is made based on the mean scores or median values as states earlier and Spearman rank correlation coefficient (r) is computed. Its significance is estimated by applying T-test. Rank correlation coefficient (r) is significant if the computed ‘t’ value is greater than the table value for given degrees of freedom at the accepted level of significance (0.05).

(f) Z – Test:
The test of mean differences for large samples in done with the help of Z statistic. The null hypothesis is:
- There is no significant difference in the mean scores because of ownership of banks/or (area of operations)
The Z statistic value is computed and compared with Table value. If the computed value is less than the Table value, the null hypothesis is accepted. The level of significance is 0.05.

(g) Trend Analysis:
Trend analysis is made to compute growth rates (compound/linear whichever is appropriate). The ‘F’ statistic is computed along with coefficient of determination ($r^2$) and tested at 0.05 significance level. If the ‘F’ value is below the accepted significance level it indicates ‘good fit’.
Limitations:
There are certain limitations to the study which are given as under:

1. In case of Vysysa Bank accounts wise information will not be given to the public. Hence it has become very difficult to get the details of accounts wise information of the Vysya Bank limited.

2. The Vysya Bank Limited has not implemented the schemes viz., SEPUP, SEEUY, DRI, IRDP and 20 point program. Hence details of the contribution of the banks to these schemes is also not available.

3. The Vysya Bank Ltd., did not lend any financial assistance under the headings "Weaker Sections", "Community Services" and "Minority Communities"

4. The Vysysa Bank Ltd., is not a lead bank and hence it has no Regional Rural Banks.

5. In case of SBI and AB, the accounts wise information is not available under "Community Development – Donations".

Due care has been taken by the researcher to overcome the impact of above limitations on the present study such that quality of the present work is not affected in any manner.

Nature of Research Findings:
The findings of the study are based on the responses of the managers to the mailed questionnaire. A basic assumption in setting the questionnaire is the truthfulness and honesty of the respondents. In fact, the responses are likely to be coloured by the respondents perception of social desirability of the response. Responses may thus not be truly indicative of the realities and practicalities of the situations but distorted by the respondents perception of the social responsibility. To eliminate or reduce such bias, actual performance details are obtained and correlated with perceptions.
With a view to reduce the bias, efforts are made to increase the sample size. Many difficulties, financial or otherwise are experienced in increasing the response rate. The investigator had to heavily depend upon his personal savings for printing, mailing, distributing and collecting the questionnaires. However, the strenuous and exacting task is accomplished with the kind co-operation of friends and good hearted managers. Another exercise taken in this direction of reducing bias is the computation of weighted mean scores. It is believed that it will eliminate bias, if any.

Presentation:

The study is organised as follows

First chapter describes the role of banking industry and concept, rationale of social responsibility and raises research questions.

Second chapter reviews literature, and states objectives and methodology of research. It also briefs the profile of three banks selected for the study.

Third chapter makes an attempt to present the social role of banks and reviews the growth of banking industry leading to the assumption of the social role.

Fourth chapter is meant for discussing the social performance of banks in the selected areas of social responsibilities of banks.

Fifth chapter discusses the attitude survey of selected banks on the various issues of social responsibility of banks.

The Sixth and last chapter makes an attempt to present the findings and conclusions made out of the study and suggestions which are worthy of consideration by all concerned to improve the social responsibilities in sample banks in particular and other banks in general are made.
Togetherness is the theme of this new corporate logo of Andhra Bank, where the world of banking services meets the realm of ever-changing customer needs and establishes a link that is like a chain, inseparable. Derived from the symbol of infinity, the logo also denotes a bank that's prepared to do anything, to go to any lengths, for the customer. The blue pointer on the top represents the philosophy of a bank that's always looking for growth and newer, more challenging, more promising directions. The keyhole indicates safety and security. The colours red and blue represent a fusion of dynamism and solidity. At a time when the performance of the bank, the prospects of the bank, and even the perceptions of the bank are vibrantly different, and poised as we are at the threshold of a new millennium, this modernised logo is a tribute to the Andhra Bankers, both the employees and the customers who are the true creators of the image of the bank.
Profil of Andhra Bank

Andhra Bank has an historical and patriotic background. The founder of the Bank, Dr. Bhogaraju Pattabhi Sitaramayya, was a great patriot, an ardent freedom fighter, an intellectual giant and a close associate of Mahatma Gandhi. He visualised that political freedom combined with economic strength only will give the true meaning to democracy. He therefore conceived the idea of a Bank. Thus Andhra Bank was established on 20th November to serve the commerce and trade of the Andhra area. The bank commenced its business from 28th November 1923, from Machilipatnam, a port town in Andhra Pradesh with a paid up capital of Rs. 1 lakh and authorised capital of Rs. 10 lakhs, which were raised to Rs. 25 lakh and Rs. 1 crore respectively by 1946. In spite of the impediments and difficulties faced by the bank during the period of Second World War, it moved forward and steadily sailed towards and progress and stabilisation.

The bank attained the status of a scheduled bank in 1943. The bank stepped out of Andhra area for the first time to open a branch in Madras in February 1945. It secured a licence to deal in Pound sterling in 1951. The Central Office was shifted from Machilipatnam to Hyderabad in 1963. In later years, more branches were opened in Madras city and at several other important commercial centres of the country including Bombay, Calcutta and New Delhi. An all women's branch was opened in Hyderabad (Himayatnagar) in 1964. The Bharat Lakshmi Bank Ltd., another institution which owed its existence to Dr. Pattabhi was merge with Andhra Bank in 1964.

A full-pledged Foreign Exchange Department was opened at Madras in 1962 and a licence to deal in all world currencies was obtained in 1965. The bank added another feather to its cap on 1st Jan. 1964 when it became an ‘A’ class bank. In July 1969 the Government of India
nationalised the 14 major banks. The nationalisation measure left the bank as the largest bank among the non-nationalisation measure left the bank as the largest bank among the non-nationalised banks. The bank maintained this position of No.1 in the Private Sector banks throughout till it was nationalised on 15th April 1980.

Though the bank was not nationalised in 1969, it voluntarily accepted the duties and responsibilities which the nationalised banks were required to assume. The bank was assigned lead role in 5 districts of Srikakulam, East and West Godavari, Guntur in Andhra Pradesh and Ganjam District in Orissa. At present the bank is lead bank in 6 districts with Ganjam district bifurcated into Ganjam and Gajapathi districts. The bank took up the financing of small scale industries, agriculture, export and import trade, weaker sections on a massive scale. For the benefit of farmers, the Kisan Card was introduced. To render more help to the rural areas, a number of Rural Credit branches were opened besides sponsoring a number of Farmers' Service Co-operative Societies. In fact, Andhra Bank is one of the first few banks to promote Farmers' Service Co-operative societies in Andhra Pradesh. The bank has taken vigorous steps on the new 20 point economic programme giving top priority for programmes such as IRDP, Minor Irrigation, Upliftment of SC/ST families, Integrated Development of Selected Villages (IDSV) aimed at catering to the total needs of the villages selected was taken up by the bank. The bank stood first on many occasions as per the parameters prescribed by the Govt. of India and RBI.

The concept of Cluster Branches was designed and implemented to serve a group of villages on fixed days in a week. This novel concept was first introduced by the bank in the country enabling banking to spread to remote villages to inculcate the habit of banking among the rural folks. The bank has sponsored three Regional Rural Banks, namely Rushikulya Grameena Bank, Chaitanya Grameena Bank and Godavari Grameena
Bank in the lead districts assigned to the bank. The bank became a principal member of VISA INTERNATIONAL for the issue of Credit Cards and has launched "Andhra Bankcard" in August 1981. The issuance of Foreign Currency Travellers Cheques is a significant lead as the bank is the first Public Sector bank in the country to do so. In view of the overwhelming response to Bank's credit card scheme, the bank has also introduced Gold Card and Charge Card. As a part of the social security measures the bank is offering to its card holders Health Insurance at a discount of 30% over normal rates with the sum assured ranging from Rs.25000/- to Rs.3 lakhs as per the option of the Card holder.

Andhra bank is the first bank in India which was permitted by RBI to issue credit cards to NRI's. The bank as a part of automation in credit card operations introduced Electronic Data Capturing machines at important Merchant Establishments to enable real time authorisation of transactions, apart from reducing time involved in credit card transactions. Andhra Bank has introduced a 3 tier system of decentralised administration i.e. The branch at the gross root level, the regional set up covering 40 to 50 branches at the second level and the Head Office at the third stage and Apex level. Andhra Bank was the first few banks to start a "Staff College" way back in 1963. The bank has set up the Andhra Bank Rural Development Trust (ABRDT). Under its aegis (ABRDT), several schemes were envisaged for fulfilment of the objectives of the trust primarily through setting up of an Institute called "Andhra Bank Institute of Rural Development" (ABIRD). Since its inception in 1989, it has conducted 432 training programmes covering 16000 beneficiaries in farm and non-farm activities. The major beneficiaries are farmers, artisans, rural youth and SC/ST.

The bank's financial results indicate that in 1970's and 1980's it witnessed an excellent growth in deposits, advances, branch expansion for the bank. But the bank faced a set back in 1992-93 when it incurred
huge losses of Rs.141.08 crores due to introduction of prudential accounting norms. This trend continued for 1993-94 and 1994-95. Later it picked up and made a turn around during 1995-96 with the achievement of net profit of Rs.11.07 crores. During 1996-97, the position was further consolidated with a net profit of Rs.35.70 crores and total business crossing Rs.10,000 crore mark. At the end of March 98, the deposits of the bank stood at Rs.7921 crores while advances stood at Rs.3458 crores, thus crossing total business of Rs.11,300 crores. The bank has 982 full-fledged branches supported by 84 extension counters and 40 cluster offices.

The bank has launched a unique scheme namely, “Abhaya Gold” which provides accidental insurance coverage to the extent of Rs.1 lakh to the savings bank account holder at a concessional premium. Andhra bank has been taking care of different segments of the society and formulating tailor-made schemes to suit the needs of a particular segment. “Stree Chakra” scheme is one of such schemes where the working women are provided financial assistance for purchase of two-wheelers on easy terms and conditions. “Vidya Jyothi” scheme is devised to meet the needs of students aspiring for higher studies.

Customer service continues to be the prime concern of the bank and tireless and unstined efforts are made to improve the same. In this direction the bank has introduced several innovative measures such as “Blue Chord” “Agree in Principle concept” to tide over the delays in processing of loan applications. “Seven day banking” and “Dawn to Dusk Banking” are introduced at several important places to ensure uninterrupted service to customers. The latest in the stream of new services is the exclusive “Tele Banking Service”. To improve the quality of customer service, the bank has computerised 35 branches totally while 156 branches were computerised partially.
Coinciding with Golden Jubilee of India's Independence and Platinum Jubilee of Andhra Bank, a commemorative postal stamp was released by Government of India in the honour of the founder of the bank Dr. Bhogaraju Pattabhisitharamayya in 1997. It has been striving to achieve "All in Banking and Banking for All". The growth position of the bank can be shown in the following Table:

### Growth position of the Bank (Rs. in crores)

<table>
<thead>
<tr>
<th>Year</th>
<th>No.of Branches</th>
<th>Deposits</th>
<th>Advances</th>
</tr>
</thead>
<tbody>
<tr>
<td>1923</td>
<td>1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1933</td>
<td>5</td>
<td>0.13</td>
<td>0.07</td>
</tr>
<tr>
<td>1943</td>
<td>16</td>
<td>0.67</td>
<td>0.47</td>
</tr>
<tr>
<td>1963</td>
<td>78</td>
<td>20.57</td>
<td>12.32</td>
</tr>
<tr>
<td>1969</td>
<td>155</td>
<td>52.31</td>
<td>35.45</td>
</tr>
<tr>
<td>1975</td>
<td>350</td>
<td>178.70</td>
<td>117.66</td>
</tr>
<tr>
<td>1980</td>
<td>627</td>
<td>666.09</td>
<td>356.12</td>
</tr>
<tr>
<td>1985</td>
<td>825</td>
<td>1713.87</td>
<td>927.06</td>
</tr>
<tr>
<td>1990</td>
<td>970</td>
<td>3225.70</td>
<td>1683.41</td>
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<tr>
<td>1995</td>
<td>970</td>
<td>5311.65</td>
<td>2409.81</td>
</tr>
<tr>
<td>1998</td>
<td>982</td>
<td>7920.66</td>
<td>3458.31</td>
</tr>
<tr>
<td>2001</td>
<td>1020</td>
<td>18292.00</td>
<td>7700.00</td>
</tr>
</tbody>
</table>

Source: IBA Bulletin, Special Issue, 1997-98, p.18 & Banks Annual Reports.

The strengths and weaknesses of the Bank:

The bank is bestowed with the following strengths and weaknesses:
Strengths:

a) Better qualified staff:
As compared to other banks, Andhra Bank has better qualified staff. Also, the staff is much younger, falling in the age group of 35 to 40 years. Being a younger lot, the bank is in a position to motivate its employees with various incentive schemes, thus gaining higher productivity. Andhra Bank started a full fledged staff training college in 1963. The bank has applied for autonomy, which will not only wipe out the lethargy of a typical public sector bank but also help the bank in recruiting professional staff. This is expected to better the bank's productivity and the products.

b) Strong presence:
The bank's main strength is the strong presence in the State of Andhra Pradesh.

c) Expertise in rural credit:
Since its inception, the bank has expertise in rural credit. Andhra Bank's lending to the priority sector has also increased considerably. In fact the percentage of recovery from the priority sector is higher than any other sector. Andhra Bank has been successful in clubbing 'Social Banking with Viable Banking'.

d) Profit centre approach to credit cards business:
Andhra Bank is the only one of its kind in India to have arrangements with all the three major credit card players; Visa International, Master Card and Japanese Credit Bureau International Company Limited, Japan. The credit card business also helps the bank in marketing its other products. The bank has taken up a profit centre approach for its credit card business. With this new approach supported by latest technology, the bank's credit card business is expected to flourish.
Weaknesses:

i) Smaller presence in other states:
The major drawback of the bank is its smaller presence in states other than Andhra Pradesh. Out of the 974 branches, only 212 branches were outside Andhra Pradesh.

ii) Lags behind in Merchant Banking:
The Merchant Banking business of the bank is not well established. The bank has not been able to take full advantage of the merchant banking activities, which can give float money that has nearly no cost associated with it. When a bank acts as a banker to any issue, the money received from the public is held with the bank till the time when it needs to be passed on the promoters. During the period, the bank neither pays any interest to the depositors nor to the promoters. Hence it becomes free of cost. Due to its short duration in the bank, it is called float money.

iii) Employee productivity needs improvement:
Although Andhra Bank has better qualified staff, there is potential for improving the employee productivity. Nearly 50% of the bank's branches are in rural and semi-urban areas which is one of the main reasons for low productivity. The Bank's low business is also one of the reasons for its low productivity.

Bank's approach to reforms:
a) Increase share of low cost deposits:
In order to improve its performance, Andhra Bank concentrated on the reduction of cost of funds. On the one hand, the bank tried to mobilize larger amounts of low cost deposits, which mainly included current accounts and savings bank accounts. On the other hand, the bank restrained from accepting certificate of deposits at high cost.
The bank has been more successful in improving its savings bank accounts as compared to demand deposits. While the savings deposit showed a growth of 90.11 percent over a period of four years, the demand deposits grew at a lesser pace of 51.81 percent.

b) Qualitative lending and better recovery endeavour:
The bank's another area of focus was the reduction of NPAs. By carefully analyzing the cross section of defaulters, the bank was able to reduce its NPAs to a considerably low level. The bank's focused approach to deal with the problem of NPAs is its corporate compromise policy. The defaulters and the bank together analyze the capacity of the borrower to repay the advances. Depending upon the situation, the bank offers concessions and waivers to the defaulters. The balance amount is written off.

c) Non-fund based income:
The bank tried to increase its income from non-fund based business, mainly the merchant banking activities. After SEBI's authorization as Category I Merchant banker, the bank had started its merchant banking operations in January, 94.

d) Higher productivity:
The bank also concentrated on the improvement of the productivity of its employees. The staff members were given incentives for recovery and for the procurement of low cost funds. The employees were made accountable for the credit portfolios. Andhra Bank has 14,936 employees, a slight reduction from 15,066 employees in 1997. To solve the problem of overstaffing, the bank has curtailed further recruitments. Andhra Bank as a total number of 12798 regular staff members as at the end of March 31st 2001. To solve the problem of over staffing, the bank implemented voluntary retirement scheme and 600 employees were relieved under VRS by the end of March 2001.
From the last four years, the number of employees of the bank have been falling in number, thus contributing to higher business per employee. From Rs.44.80 lakhs in 1994-95, the bank’s average business per employee has gone up to Rs.67.69 lakhs in 1997-98. The per employee average business of the bank rose to Rs.153.62 lakhs from 67.69 lakhs in 1997-98.

(e) **Advanced technology:**
Andhra Bank has been one of the first banks in India to automate its transactions. The bank has recently started using Electronic Draft Capture Machines (EDCM), which speed up settlements in the credit card business. The terminals are linked with Visa, whereby as soon as the customer avails the credit card facility, his/her account gets immediately debited, thus saving on the time lag and freeing the customer from the procedures of repayment.

The bank has remote login facility at its head office, whereby the various branches, which are fully computerised, can directly login to rectify their technical problems, instead of waiting for any outsider to rectify them. Once the branches login, the technicians at the head office solve the problem immediately.

Andhra Bank is among the three banks in India to update SWIFT technology.

The bank has also taken up tele-banking and is planning to install ATMs.
There are two explanations provided to the logo of SBI. They are as under.

1. The traditional explanation provided to the logo of SBI is that in a pond of water every drop of water adds to the pond. So as every pie of the customer deposited in SBI gives him higher returns.

2. The modern explanation provided to the logo of SBI is that it is the “Largest Bank serves the smallest man”.
II. PROFILE OF STATE BANK OF INDIA

The State Bank of India, the biggest commercial bank which stands in a class by itself was formed on 1st July 1955. With the passing of the State Bank of India Act 1955, by taking over the entire assets and liabilities of the Imperial Bank of India. The Imperial Bank of India was established in 1921 through the amalgamation of the three Presidency Banks of Madras, Bombay and Bengal. The amalgamation was proposed by these banks themselves as a step to combat the possible danger of some foreign banking interest and in England obtaining control over certain Indian banking interests. The Imperial Bank was thus brought into existence on 27th Jan. 1921, by the Imperial Bank of India Act of 1920.

Under the Imperial Bank of India Act of 1920, the governing body of the bank was the Central Board. Its functions were defined in bye-laws. There were also local boards at the three presidency towns, with fairly wide powers of managing local business, but they were under the control of the central board. The central board was composed of the Presidents and Vice-Presidents of the local boards representing the Government of India, for Governor nominated by the Government to serve representation of the interests of the Indian community in general, the Secretaries of the local boards and two Managing Governors appointed by the Government of India, on the recommendations of the Central Board, holding office for such period as the Government of India directed from time to time.

Until the establishment of the RBI Act in 1935, the Imperial bank had in effect been discharging certain central banking functions some of the functions include:

♦ Acting as a sole banker to Government and as the custodian of public funds and Government cash balances, central and local, and also of the balance of the secretary of state through its London Office.
Undertaking the functions arising from the issue of new loans by the Government and managing the public debt in return for a specified remuneration; and

Giving the public facilities for the transfer of money between its branches at rates approved by the controller of currency.

In addition to these central banking functions (the Act did not give power to the bank to issue notes) the bank performed ordinary commercial banking business of accepting deposits, making loans and advances, remitting money from one place to another, keeping safe deposits etc. But because of the special nature of the bank, certain restrictions were imposed by the Government on its ordinary commercial banking functions. According to these restrictions, the bank was prohibited from making loans for a longer period than six months or on the basis of immovable property or on the security of its own share or stock, from discounting or making loans against any bill unless it carried the several responsibilities of at least two persons or firms unconnected with each other in general partnership, and from granting unsecured overdraft in excess of Rs. 1 lakh. The bank was statutorily debarred from dealing in foreign exchange business except to meet the bonafide needs of its own clients.

With the establishment of the Reserve Bank of India in 1935, the Imperial Bank ceased to be the banker to the Government directly. Further the Imperial Bank of India (Amendment) Act 1934, removed all the restrictions which were formerly imposed on its lending operations. Under the amendment act, the bank could transact foreign exchange business and undertake banking business of any kind. It could make advances against goods hypothecated to it and make loans and advances for periods exceeding six months on the basis immovable property as also on its own shares.
Although the Imperial Bank of India ceased to be the banker to the Government directly with the establishment of the Reserve Bank, it was authorised to act as the sole agent of the Reserve Bank, in places where the latter did not have its own branches. Accordingly, the Imperial Bank was permitted on behalf of the Government to pay, receive and collect and remit money, bullion and securities as the agent for the Reserve Bank of India and to undertake and transact any other business which the RBI may from time to time entrust to the bank. Thus the Imperial Bank of India stood in a special category and it was leader in the Indian Money market.

Nationalisation of the Imperial Bank of India:

When the question of the nationalisation of the Imperial Bank of India came up first in February 1948, the Government accepted the principle of nationalisation. But this was opposed by the Central Board of Directors and shareholders. They put forward many arguments against nationalisation and ultimately the Government announced in 1949 the indefinite postponement of the question of nationalisation of the Imperial Bank of India. But the issue came up again when the All India Rural Credit Survey committee recommended the creation of a State Bank of India by amalgamation of certain state-owned banks with the Imperial Bank. Accordingly the State Bank of India Act was passed on 8th May 1955 and the State Bank of India came into existence on 1st July 1955.

The State Bank of India was established by the statutory amalgamation of the Imperial Bank of India and certain major state associated banks viz., Bank of Saurashtra, Bank of Patiala, Bank of Bikaner & Bank of Hyderabad and Bank of Travancore. The branches of these banks along with the branches of the Imperial Bank of India would have a larger coverage of several areas and also greater scope for much larger future extension to rural areas. Thus the nationalisation of the Imperial Bank and the establishment of the State Bank of India was an important milestone on the road to the establishment of an integrated
commercial banking unit with branches all over the country under effective state control.

Organisation and Management:

The State Bank of India has authorised share capital of Rs.20 crores and an issued share capital of Rs.5625 crores which has been allotted to the Reserve Bank of India. In order to enhance the capital, Fund ratio, the authorised capital of the bank was raised from Rs.20 crores to Rs.200 crores in 1985. Its subscribed and paid up capital was raised from Rs.5.6 crores to Rs.50 crores, while that of the associates of the bank was raised to Rs.10 crores each from Rs.5 crores. Under the SBI Act 1955, compensation payments were made to the shareholders of Imperial Bank. The payment was in cash upto Rs.10,000 while the amounts in excess of that limit were discharged in redeemable Government securities. The payment was also made at the option of the shareholders, in the form of State Bank of India shares upto a maximum of 200 shares. The RBI was empowered to transfer to the Imperial Bank of India shareholders and others, shares of the State Bank of India upto 45% of the total issued capital. The RBI holds the remaining 55% of the issued share capital of the State Bank, thereby ensuring a voting right of not less than 51%.

An ordinance was issued in October 1993 leading to an amendment of the SBI Act 1955 to enable the bank to raise money from the market. The amendment provide for reduction in the face value of the Bank's share from Rs.100 to Rs.10, removal of limit on an individual holding of 200 shares and an increase in the limit on voting rights from 1 percent to 10 percent. Accordingly the SBI entered into the capital market with an equity-cum-bond issue of Rs.2532 crores to achieve the capital adequacy norm of 8 percent by March 31, 1994. A simultaneous public officer was made of 12,40,00,000 equity shares of Rs.10 each at a premium of Rs.90 per share and 50,00,000 bonds of the face value of
Rs. 1,000 each. The public issue of equity was accompanied by a rights offer of 12,00,00,000 shares to existing shareholders in the ratio of three new shares for every five shares held and a preferential offer of 1,20,00,000 shares to the employees of the bank, both at a reduced premium of Rs.50/- per share. The bank has been permitted to retain 15% over subscription in respect of the equity issue and 100 percent over subscription in respect of the bonds issue. With this the issued and paid up capital of the SBI will be Rs.456 crores as against Rs.200 crores higher to. It may be noted here that at present SBI is comfortably placed with a capital adequacy ratio of 11.6 per cent.

Management of the SBI is vested with a central board which consists of:

1. A Chairman and a Vice-Chairman to be appointed by the Central Government in consultation with the Reserve Bank and after consideration except in case of first appointments of the recommendations made by the Central Board.
2. Not more than two Managing Directors appointed by the Central Board with the approval of the Central Government.
3. Six Directors to be elected by the shareholders other than the RBI whose names are entered in the various branch registers.
4. Eight Directors to be nominated by the Central Govt. in consultation with the Reserve Bank of India to represent territories and economic interest in such a manner that not less than two of them have special knowledge in the working of co-operative institutions and of rural economy and the others have experience in commerce, industry, banking or finance.
5. One Director to be nominated by the Central Government.
6. One Director to be nominated by the Reserve Bank.

The Chairman and the Vice-Chairman shall hold office for such term not exceeding five years, as the Central Government may fix. The Managing Director shall hold office for such term, not exceeding five years.
as the central board or in the case of the first two appointments the central government may fix.

Besides the Central Board, there are local boards at Bombay, Calcutta, Madras and New Delhi. Recently the bank has restructured its organisational structure to bring about changes in decision making. The top management team comprises of the Chairman, group executives for the national banking group, corporate banking group, international banking and associates and subsidiary banks. In addition four staff functionaries have been appointed in charge of financial management, credit, human resource and technology management and inspection and audit.

Objectives:

The main objective of nationalisation of the Imperial Bank of India was the setting up of a strong state-partnered commercial banking institution with an effective machinery composed of a large network of branches over the whole country. According to the State Bank of India act the bank had a statutory obligation to open 400 new branches in the rural and semi-urban areas during the first five years of its existence or such extended period as may be permitted by the Government. The underlying principle behind this expansion of branches was the extension of banking facilities to those areas poorly served. In this connection mention may be made of the creation of a special fund by the State Bank, known as “Integration and Development Fund” with an initial investment of Rs.50 lakhs and is utilised for meeting losses in excess of such yearly sum as may be agreed upon between RBI and SBI and attributable to the additional branches established in pursuance of the provisions of the SBI Act and such other losses or expenditure as may be approved by the Central Government in consultation with RBI. Further the activities of the SBI are expected to be in conformity with the broad economic policies pursued by the Government. This will have an effect on the activities of
other commercial banks since the SBI commands over one-third of the entire deposits of the commercial banking system as a whole.

Another important objective for which the bank has been established is to promote the agricultural finance and to remedy the defects of the present system of agricultural finance.

Moreover the SBI is expected to help the RBI in its credit policies and to check any monetary dis-equilibrium that is likely to develop in the money market owing to the developmental activities. The RBI holding 55% of the shares of the SBI, has the control over the large resources of the SBI to make effective its credit and tighten its grip over the whole banking system. Besides with the help of SBI, the RBI would be able to control and regulate the direction of the flow of credit.

In the first phase of branch expansion programme, the SBI had opened 416 branches by the end of June 1960 as against 400 as stipulated by the SBI Act 1955. The Bank which had opened its 4000 branches by 1976 crossed yet another milestone when it opened its 5000 branches in 1979. As at the end of June 1994, the bank had 8722 branches. The branch network increased to 9026 branches by the end of March 2001.

Simultaneously the bank is also giving attention to the necessity of extending banking facilities to the rural areas. The attention given by the bank over the years to extending banking facilities in rural and semi-urban areas is reflected in the proportion of such offices to the total number of offices. At the beginning of 1995, about 75% of the bank's offices were situated in rural and semi-urban areas. The deposits and advances of the bank should at Rs.242828 crores and Rs.113590 crores respectively, by the end of March 2001.
The bank hold the dominant market position among all Indian banks with the highest net profits of Rs.1604.20 crores by the end of March 2001. The bank had significantly improved its earnings per share. The EPS of the bank which stood at Rs.17.54 in 1995-96 rose to Rs.30.48 at the end of March 2001. The bank also reported improvements in its other key financial ratios such as return (11.92%), return on assets (0.57%) and profitability per employee (Rs. 70,000) as at the end of March 2001.

Perhaps the biggest benefit SBI has is government business. The bank has 87 percent of all state government business, 50 percent of Central Government Business, and 60 percent the CBDT and Central Excise and Customs business. When the structure of SBI is considered, it seems it is more like a Universal Bank. It has 8 domestic subsidiary banks, 7 international banking subsidiaries (of which 2 are joint ventures) and offices/branches in 33 countries all of which give SBI an envisable world wide presence. Further more it has 9 non-bank subsidiaries engaged in activities ranging from investment banking and stock broking to factoring and mutual funds. SBI also enjoy a group of talented staff. In many newly set up private bank, key positions are occupied by ex-SBI officials who have systematically and successfully been targeting SBI's top corporate clients. The structure of SBI as a financial super market is given below:
Banking Subsidiaries | International subsidiaries & Joint Ventures
---|---
State Bank of Hyderabad | SBI European Bank
State Bank of Patiala | SBI Canada
State Bank of Saurashtra | SBI California
State Bank of Indore | SBI International (Mauritius)
State Bank of Mysore | Indo-Nigerian Merchant Bank
State Bank of Bikaner & Jayapur | Nepal SBI Bank
State Bank of Travancore | Bank of Bhutan
SBI Commercial & International Bank |  

Non-Banking Subsidiaries

<table>
<thead>
<tr>
<th>Subsidiaries</th>
<th></th>
</tr>
</thead>
</table>
SBI Capital Markets | (Investment and Merchant Bank)
SBI Funds Management | (Mutual Fund)
SBI Home Finance | (Housing Finance)
SBI Factors & Commercial Services | (Factoring)
SBI Gilts | (Primary Dealer)
SBI Securities | (Stock Broking)
SBI Cards & Payments Services | (Credit Cards)
GE Capital Business Process & Services | (Credit Card Processing)
SBI Gold & Precious Metals | (Assaying)

**Bank's response to reforms:**

The State Bank of India's response to reforms in financial sector can be explained as under:

The bank has enjoyed over a century the position of leadership in the Indian banking industry. The challenge before the Bank's policy makers to maintain its pre-eminent position and to continue to provide leadership in the Indian Banks in an increasingly competitive and complex environment. The Bank has faced such challenges in the past. Thus, when the concept of lending to small-scale sector was introduced for the first time in India, State Bank of India played a pioneering role to make the
concept a success. The same can be said of rural lending. There is however, a qualitative difference between the past and the present environment. The bank’s response to reforms can be presented as under:

a) Diversification in business activities:

The first response of the Bank to the changing environment has been marked by diversification. This has been done through a process of subsidiarisation. The Bank’s first financial services subsidiary, SBI Capital Markets Ltd., was set up in response to the growing equity cult among the individuals and corporate. Apart from occupying leadership in new issue business, it has also forayed into other related areas such as leasing and hire-purchase finance and membership of the OTC Exchange of India and the National Stock Exchange. A separate subsidiary, SBI Cap Securities Limited is proposed as a market execution outfit and broking arm of SBI Capital Markets Ltd. The proposed subsidiary will be active in all markets, viz., equity, debt and structured products, and will complement origination and structuring activities of the SBI Cap. SBICAP Securities Limited is expected to be operational soon on getting clearance from the Reserve Bank and the Government of India.

SBI Funds Management Ltd. was formed with the exclusive responsibility of managing mutual funds which provide an opportunity to small investors to participate in the capital market and share the gains from it. SBI Factors & Commercial Services Pvt Ltd. introduced the concept of factoring in the Indian financial market. Small scale and medium scale industries in the western region of the country have greatly benefited from factoring services provided by the company. The Bank’s housing finance affiliate – SBI Home Finance Ltd. contributes in a significant manner to the house construction activity in the country. The SBI European Bank Ltd. was set up in
London to exploit the emerging opportunities arising out of integration of markets in the European Community. The latest subsidiary to join the State Bank family is the SBI Gilts Ltd. which has just received approval from the Reserve Bank to act as a primary dealer in the fledgling gilt market in the country.

With the ongoing liberalisation of the economy, the demand for specialised financial services such as those provided by the aforesaid vehicles is rapidly increasing. The Bank is, therefore, leveraging its business efforts further on the activities of these subsidiaries and affiliates to exploit the new opportunities in the areas such as investment servicing and management, advisory services, capital market services, project appraisal and finance and structured financial products. In this respect, the State Bank Group has thus acquired a distinct competitive advantage.

b) Strengthening of Capital Base:
Under the capital adequacy requirements, the State Bank with its international network of branches was required to attain the stipulated capital adequacy requirement of 8% of its risk weighted assets by March 1994. The Bank responded to the challenge by the largest ever public-cum-rights issue of equity and bonds in the Indian capital market. The Bank entered the capital market with a simultaneous bonds and rights-cum-public equity issue and mobilised a massive sum of Rs.3,206 crores. The issues were very well received by the investors and the success of the issues was, in a way, a vote of confidence in the Bank’s capitulate to steer its way in the changed environment. The Bank’s Floating Rate Bond issue was the first instrument of its kind offered to investors in the Indian capital market and it too received a favourable response.
The Bank, with its strong fundamentals and profitability, could also comply with the new rigorous norms of income recognition, asset classification, provisioning and marking to the market of its investment portfolio.

c) Meeting the Challenge of Technology:
An impact of increased competition in banking is in the area of use of technology. Not only does a bank need greatly enhanced use of technology to be customer-oriented, efficient and competitive, but it also needs technology for providing newer products and innovative forms of services. Thus, for managing a fully deregulated interest regime over a large network of branches, extensive use of technology in accounting, data management and communications is essential. Likewise, for managing multi-currency facilities demanded by the Bank’s exporter customers, technology based systems are absolutely essential.

It thus became imperative for the State Bank to introduced and absorb technology extensively and at a rapid speed not only to remain customer-friendly, efficient and competitive for existing services and business but also, and perhaps more importantly, to be able to manage newer forms of business and services in an increasingly dynamic and globalised environment. The State Bank took early steps in this direction and a significant part of the Bank’s corporate effort at various levels is now directed towards introduction and absorption of technology.

The process of technology absorption does not end merely with acquisition of the required hardware and software. Changing the mindset and raising sufficient number of skilled personnel are also important issues to be tackled. The Bank is addressing this issue vigorously. Operating extensive computer-based and networked
systems may necessitate significant in-sourcing and out-sourcing of services from specialised external agencies.

d) Organisational Response to Change:
Any organisational structure, in order to effectively meet environmental challenges, has to constantly undergo a change process by resetting the physical structure and more importantly, by re-modelling relationships, hierarchies and work patterns, i.e., people. This is all the more important for banks which are essentially human organisations.

In order to meet the new challenges and exploit the emerging opportunities, a fresh look at the Bank's organisational structure became essential. The Bank has engaged itself in an in-depth study of its organisational change requirements and in this task, the Bank has been assisted by an internationally reputed consultancy firm.

The Bank had undergone the first experience of restructuring itself way back in 1971 and there have been a series of such exercises in the interim. The present restructuring exercise, however, differs from the earlier exercises in many respects.

Most importantly, the present exercise has been undertaken in an environment that is highly uncertain. In 1971, the environment was fairly predictable and the problem was of managing future growth. The pockets of growth also were fairly clear. Growth was then driven by the Government and the Public Sector. The Indian economy was fairly insulated from the outside world and the focus of growth was, therefore, expected to be domestic rather than externally oriented. No great role was envisaged for foreign investment either. Thus time around, the engines of growth are market-driven, and, therefore, more unpredictable. Also, the economy is much more open today.
The present exercise is, therefore, much more comprehensive and covers not only structural interventions but also a review of strategies, systems and processes. There is also a very sharp focus on the customer whether it be a large corporate, a mid-corporate, an individual needing comprehensive banking services such as investment advice, consumer credit and so on. Each of these customer groups has different needs and expectations from the Bank and the system needs to be tailored to serve those needs with distinction and in a manner superior to its competitors.

Resulting from the study, several organisational changes have been brought about at the Bank's corporate office. The Bank has moved towards a relatively flat organisational structure, has identified distinct business groups for being managed as discrete businesses by Group Heads with clear profit responsibility. Thus Strategic Business Units have been set up to take care of very large corporate customers, for lease finance and for project finance, all reporting directly to the corporate office. At the Bank's corporate office new staff positions such as those of Chief Credit Officer, Chief Financial Officer and Corporate Development Officer have been created and key management processes in areas of credit, financial management, asset-liability management have been revamped. New empowered internal for a such as Credit Policy & Procedures Committee, Central Office Credit Committee, Asset-Liability Committee have been set up. The Bank's national branch network is divided into thirteen Circles. A design model for the Circles has been developed and is being tested in the Bank's Bombay and Madras Circles before being made ready for implementation throughout the Bank. A major task under the organisational change programme is to nurture the identity and growth of the National Banking Group, which now focuses on the Bank's business served by its vast branch network, particularly the middle market, the small scale sector, agriculture and development banking.
The bank has a significant overseas network represented by 50 offices in 34 countries. These offices are essentially focussing on India-related business as their major activity. As the Indian economy gets increasingly linked to the global economy and Indian industry and business seek greater share of the global market, there is a good prospect of enhance business for the banks overseas network. These offices are expected to play a pivotal role in integrating Indian economy with the global economy.

The organisational changes initiated so far are at early operational stages but have a great potential. These will ultimately lead to a leaner and more agile organisation. Significant delayering of management process, speeding up of decision making, particularly in the credit area, and clear focus on identified business segments, all this should result in better value added service to the banks customers and improve the profits for the bank.

Measures taken to make SBI Group Efficient:

The measures taken to make SBI group efficient and manageable are outlined below:

1. The Bank is privatizing its subsidiaries namely SBI Caps, SBI Gilts and SBI Funds Management.
2. The money generated by privatization process will be deployed in new growth areas like gold banking, change assets composition to emphasise consumer and personal banking.
3. Computerization of number of branches as it was observed in the recent years that more than 50% of the bank's business and more than 75% of its profits were generated from computerized branches.
4. The corporate banking group was created to focus on the 150-200 companies in India with an emphasis on relationship banking. This
group also has under its umbrella project and infrastructure financing and the leasing business.

5. The bank restructured its activities in the years 1971, 1980 and in 1995-96 as it wanted and international perspective to make it a world class bank.

6. The bank introduced US GAAP norms in the year 1998-99 on an informal basis which will be a proforma exercise for at least two years. From 2000-01 onwards, the bank plans to prepare balance sheet according to US GAAP.

Compared to the nationalized banks, SBI has acquitted itself well. And while it may appear like a mammoth in India, it is a pygmy on the global banking scene. It must not only meet the competition, but indeed define the competition. It is time to fortify itself against the gale force winds of global competition.

Task Ahead for the State Bank of India

The new organisational form represented an important step in the development of the bank. The ultimate aim of the structural reform is to enable the bank to maintain its competitive position in the long run. This does not mean a permanent reform or revolutionary upheaval, but keeping pace with the changing times and evolutionary development. With this in mind, the bank has accepted the reform as a positive challenge and the opportunities that it offers will be harnessed by the bank to remain in the forefront of the Indian banking in the years to come.
The logo of Vysya Bank consists of a hand and a small man in the oval shape of the circle. This denotes the Bank is committed to help the small man. The oval shape represents towards progress and development of the small man.
The Vysya Bank Ltd., which celebrated its Golden Jubilee in 1980 was established on 24th July 1930 at Bangalore with deposits of Rs.1.06 lakhs and advances of Rs.11.53 lakhs and became a scheduled bank in 1958. Today the bank is topping the list of private sector banks in the country with its deposits crossing Rs.5000 crores as on 31st March 1998 and advances of Rs.3000 crores as on the same day. At present the bank has 15 divisional offices and more than 300 branches. Out of the branches about 150 are in rural areas. The bank has the following distinctions to its credit as a private sector bank.

1) it is the first bank to form a customer service cell at the administrative office.
2) It is the first bank to introduce Meghadoot service for speedier collection of outstation cheques.
3) It is the first bank to introduce a MICR cheques and gift cheques under this process.
   4) It is the first to introduce social service activities by forming a social service cell.
   5) It is the first bank to diversify into Merchant Banking.

Mission of Vysya Bank

Vysya Bank will strive to be the leader among Indian Banks in terms of profitability, productivity and innovation while continuing to meet its social commitments and retain its premier position in the private sector. It shall endeavour itself to be the most modern and model bank and a financial supermarket.

Vysya Banks aims at total customer satisfaction by rendering efficient quick and diversified services at reasonable cost through improved technology.
Vysya Bank will build a highly motivated and committed team of staff by nurturing a good work culture to achieve superior individual performance.

Vysya Bank will be the place of pride for all its customers, employees and shareholders.

Banks actions towards implementation of reforms:

The Vysya bank has taken a series of steps to implement the reforms in the financial sector in the bank.

(a) Income recognition norms:

High power meetings were conducted, circulars flew to controlling offices and branches. Recoveries and legal departments were strengthened. Post sanction follow up mechanism was toned up. Recovery camps were conducted and across the board settlements reached in many long overdue accounts. Reward system was amended to recognize top recovery performers. Concern for income recognition was so spread across the bank, that management of NPA's became a household name of every branch.

(b) Capital adequacy reforms:

Concern for expansion of a healthy credit portfolio was spread. As an immediate step the bank proceeded to build up reserves. The bank also pleased shareholders by declaring dividends year after year. In fact, since 1991-92, dividend has been recording quantum leaps.

(c) Liberalised Branch Licensing Policy:

New extension counters, specialised branches, overseas and industrial finance and service branches were opened to give strategic support to service delivery mechanism. The bank applied for licenses for network expansion in high profits business centres.
(d) Introduction of Prime Lending Rate:
Cost oriented price estimates were prepared for advance products. Without sacrificing profit bank quoted competitive rates in relation to the market conditions. Based on past experience, bank has evolved a set of parameters to identify the best borrower. A suitable costing system is also being developed.

(e) Deregulation of Interest rates on deposits:
To mitigate the effect of increasing cost of deposits, bank focused on SB and Current Accounts. Merchant banking business and improved float funds. Bank also developed schemes to attract short-term deposits and offered automatic renewal facility.

(f) Entry of new private sector banks:
While bank welcomes new players bank took care to defend its market base. Branch managers are advised to take care of those segments having long term connections with the bank. Technology wise the bank is as strong as the new banks in all strategic areas. Development of skills of human resources is one of the six strategic priorities enunciated by the bank.

(g) Technology upgradation:
Fortunately the bank was the first amongst private sector banks to introduce computers in branches as well as in controlling office level. This was done way back in 1970's. Relaising information technology input as a critical area, bank is constantly increasing budget allocation for information technology. Connectivity of various departments at corporate office, various divisional offices with corporate office and connectivity for strategic business branches, are the current considerations of the bank.
(h) Declaration of Dividend:
The decision to permit banks to declare dividends upto 25% without referring to RBI is a significant one. It shows the creditability banks have gained in the eyes of the regulatory authority. Since the operating results were good for many banks, they improved their dividend rates.

(i) Directed Credit:
The bank is fully aware that banks depend on the society at large. If they do not develop the money power of the society, the future market will not be vibrant. Keeping this in view, bank continue to remain active in promoting priority sector advances. In rural areas bank has developed and implemented several sound schemes like Self Help Groups.

(j) Customer Satisfaction:
The Bank adopted marketing concepts and brought customer into main focus. The bank employed an outside agency to measure customer service satisfaction index in strategic branches. It also undertook total quality management projects in credit areas.

The Vysya Bank has developed a Mission for the bank and a Vision for 2000 AD. The reforms helped the bank to set up its strategic priorities straight and emerge stronger year after year.
Table II.1 Summary of Research works on views on Social Responsibility

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Researcher</th>
<th>Year</th>
<th>Sample</th>
<th>Method</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Louis</td>
<td>1969</td>
<td>350 Executives</td>
<td>Survey</td>
<td>Only 10% executives opined that sole business of business is to earn profit.</td>
</tr>
<tr>
<td>3.</td>
<td>Webley</td>
<td>1974</td>
<td>130 UK CEO's</td>
<td>Survey</td>
<td>90% agreed that social responsibility is necessary.</td>
</tr>
<tr>
<td>4.</td>
<td>Harman and Humble</td>
<td>1974</td>
<td></td>
<td>Survey</td>
<td>There is acceptance of social responsibility.</td>
</tr>
<tr>
<td>5.</td>
<td>Steiner</td>
<td>1975</td>
<td>14 CEO's</td>
<td>Direct interviews</td>
<td>Favourable to social action.</td>
</tr>
<tr>
<td>7.</td>
<td>Gopala Krishna</td>
<td>1992</td>
<td>529 executives</td>
<td>Mailed questionnaire</td>
<td>91% agreed that social responsibility is necessary.</td>
</tr>
<tr>
<td>8.</td>
<td>Jadeja</td>
<td>1994</td>
<td>Lalbhai, Mafatlal, Jyothi and electron Industrial houses</td>
<td>Survey</td>
<td>Have social philosophy, a moral obligation and a debt to society.</td>
</tr>
<tr>
<td>S.No</td>
<td>Researcher</td>
<td>Year</td>
<td>Sample</td>
<td>Method</td>
<td>Findings</td>
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<td>---------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>1.</td>
<td>Coppock &amp; Others</td>
<td>1965-71</td>
<td>57 Corporations</td>
<td>Desk Research</td>
<td>1963 Social issues were identified response with social pressure for action.</td>
</tr>
<tr>
<td>2.</td>
<td>Louis</td>
<td>1969</td>
<td>350 top companies</td>
<td>Survey</td>
<td>Education, pollution and minority improvement.</td>
</tr>
<tr>
<td>7.</td>
<td>Gulshan</td>
<td>1979</td>
<td></td>
<td>Survey</td>
<td>Pollution control, minority employment, assistance to community and social welfare.</td>
</tr>
<tr>
<td>8.</td>
<td>Ranganathan</td>
<td>1981</td>
<td></td>
<td>Survey</td>
<td>Donations to educational and philanthropic causes, pollution control etc.</td>
</tr>
<tr>
<td>9.</td>
<td>A.F.Khan</td>
<td>1983</td>
<td>41 British companies</td>
<td>Survey</td>
<td>Medicare, quality control, employment and training, contribution to education and pollution control.</td>
</tr>
<tr>
<td>10.</td>
<td>Gopala krishna</td>
<td>1992</td>
<td>529 companies</td>
<td>Mailed questionnaire</td>
<td>Job creation, internal employee services, social relief and reconstruction.</td>
</tr>
<tr>
<td>14.</td>
<td>Sethi</td>
<td></td>
<td>Library</td>
<td></td>
<td>Social problems of Nuclear plant, conflicts with minority groups, equal employment opportunity.</td>
</tr>
</tbody>
</table>
Table II.3 Summary of Research on Social Reporting

<table>
<thead>
<tr>
<th>S.No</th>
<th>Researcher</th>
<th>Year</th>
<th>Method</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. On Approach:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Dave</td>
<td></td>
<td>1991</td>
<td>--</td>
<td>Suggested a format and contents</td>
</tr>
<tr>
<td>4. Sami-uddin and Hifzur-Rahman</td>
<td></td>
<td>1991</td>
<td>--</td>
<td>Inadequacy of conventional reporting</td>
</tr>
<tr>
<td>5. Ghosh</td>
<td></td>
<td>1991</td>
<td>--</td>
<td>Examined contents of social reports and made suggestions.</td>
</tr>
<tr>
<td>7. Panda</td>
<td></td>
<td>1993</td>
<td>--</td>
<td>Developed a taxonomy of social reporting</td>
</tr>
<tr>
<td>B. On Practices</td>
<td></td>
<td>1991</td>
<td>Case method</td>
<td>Social reporting practices of BHEL</td>
</tr>
<tr>
<td>8. Saeed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Kulashrestha</td>
<td></td>
<td>1991</td>
<td>Case method</td>
<td>Social reporting by State Road Transportation</td>
</tr>
<tr>
<td>11. Satish Chandra</td>
<td></td>
<td>1991</td>
<td>Case method</td>
<td>Social reporting by SAIL</td>
</tr>
<tr>
<td>12. Setia and Pramodkumar</td>
<td></td>
<td>1993</td>
<td>Case method</td>
<td>Social reporting practices of Cement Industry</td>
</tr>
</tbody>
</table>
### Table II.4 Summary of Studies on Policy issues and performances of Banks

<table>
<thead>
<tr>
<th>S.No</th>
<th>Researcher</th>
<th>Year</th>
<th>Method</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Gangadhar Khan</td>
<td>1978</td>
<td>Banks in Public and Private Sector</td>
<td>Studied lending practices and suggested innovative approach in rural areas.</td>
</tr>
<tr>
<td>2.</td>
<td>Mathur</td>
<td>1978</td>
<td>Public Sector banks</td>
<td>Studied working of SBI and its associates and observed that their development role is noteworthy.</td>
</tr>
<tr>
<td>4.</td>
<td>Kaveri</td>
<td>1982</td>
<td>Nationalised banks sample 1206 branches</td>
<td>Banks with higher credit-deposit ratio are making losses.</td>
</tr>
<tr>
<td>5.</td>
<td>Rangarajan</td>
<td>1982</td>
<td>1972-79 : 14 commercial banks longitudinal study</td>
<td>Studied problems and suggested new approach to lending through village adoption, credit camps etc.</td>
</tr>
<tr>
<td>6.</td>
<td>Katiya Perumal</td>
<td>1982</td>
<td>Private sector banks</td>
<td>Studied deposit mobilisation and found Vysya Bank is leading.</td>
</tr>
<tr>
<td>7.</td>
<td>Dhananjay and Selvarajan</td>
<td>1983</td>
<td>14 nationalised banks</td>
<td>Seven banks have more earning capacity.</td>
</tr>
<tr>
<td>8.</td>
<td>Vinod Kumar</td>
<td>1984</td>
<td>Private sector banks</td>
<td>Studied profitability and concluded that Vysya Bank is making good progress.</td>
</tr>
<tr>
<td>10.</td>
<td>Robert</td>
<td>1992</td>
<td>Public sector banks</td>
<td>Identified mounting dues to banks is a significant problem affecting the performance of banks.</td>
</tr>
</tbody>
</table>
Table II.5 Summary of studies on Social responsibilities of banks

<table>
<thead>
<tr>
<th>S.No</th>
<th>Researcher</th>
<th>Year</th>
<th>Method</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>All India Credit Review Committee</td>
<td>1969</td>
<td>--</td>
<td>Observed that the commercial banks failed to meet credit needs of semi-urban and rural community.</td>
</tr>
<tr>
<td>3.</td>
<td>Murray</td>
<td>1976</td>
<td>2 commercial banks</td>
<td>Studied implementation of selected activities and observed distinct stages in the process.</td>
</tr>
<tr>
<td>4.</td>
<td>Talwar</td>
<td>1977</td>
<td>Working group constituted by Govt. of India &amp; RBI.</td>
<td>176 recommendations were made to improve customer service in banks.</td>
</tr>
<tr>
<td>5.</td>
<td>Upadhyaya</td>
<td>--</td>
<td>--</td>
<td>Observed that customer services are poor.</td>
</tr>
<tr>
<td>6.</td>
<td>Narayana</td>
<td>1988</td>
<td>Comparative study of large Vs. Small &amp; Public Vs. Pvt. Banks on customer service</td>
<td>Concluded that less satisfactory services in all bank branches recommended attitudinal change among bank staff.</td>
</tr>
<tr>
<td>7.</td>
<td>Gapal Saxena</td>
<td>1992</td>
<td>SBI</td>
<td>Remarked that SBI is a head of other public sector banks in the adoption of new technology as a marketing strategy.</td>
</tr>
<tr>
<td>8.</td>
<td>Kannaji Rao</td>
<td>1994</td>
<td>Andhra Bank</td>
<td>Studied marketing of services in commercial banks and observed a new marketing orientation.</td>
</tr>
</tbody>
</table>
Table 11.6 Summary of studied on areas of Social responsibility

<table>
<thead>
<tr>
<th>S.No</th>
<th>Researcher</th>
<th>Year</th>
<th>Method</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.</td>
<td>Edwin C.Kunt, Borwan L.Media and Carlton J. Whitehead</td>
<td>1980</td>
<td>Survey</td>
<td>Studied contextual factors and Social responsibility activities which included intensity of minority employees, intensity of female officers, loans for low income housing etc.</td>
</tr>
<tr>
<td>4.</td>
<td>Mellow</td>
<td>1980</td>
<td>Longitudinal study – 11 year period.</td>
<td>Credit to priority sectors was sizeable but lacked social objective of planning.</td>
</tr>
<tr>
<td>5.</td>
<td>Brahmanandam</td>
<td>1983</td>
<td>Study of banks in Guntur Dist.</td>
<td>Financing small scale industry by commercial banks is not satisfactory.</td>
</tr>
<tr>
<td>7.</td>
<td>Anil Kumar</td>
<td>1985</td>
<td>Study of commercial banks during 1970-80</td>
<td>Studied relationship between priority sector advances and overall advances. It is strong in case of agriculture, small scale industry and exports.</td>
</tr>
<tr>
<td>8.</td>
<td>K.S.Daniel</td>
<td>1987</td>
<td>A survey in Karnataka</td>
<td>Studied financing of schemes for self-employed and found them inadequate.</td>
</tr>
<tr>
<td>9.</td>
<td>Ashok Kumar Bohra</td>
<td>1987</td>
<td>A study of Lead Banks in Rajasthan</td>
<td>Lead banks are necessary for rural financing.</td>
</tr>
<tr>
<td>10.</td>
<td>Nagaraju</td>
<td>1988</td>
<td>--</td>
<td>Credit flow to rural artisans were meagre</td>
</tr>
<tr>
<td>13.</td>
<td>Mathur S.B</td>
<td>1992</td>
<td>--</td>
<td>Made a study on lending by commercial banks to small scale industry.</td>
</tr>
<tr>
<td>14.</td>
<td>Corwin &amp; Theebolt</td>
<td>--</td>
<td>Case method</td>
<td>Made a study of employment and promotion of minorities in specific banks.</td>
</tr>
</tbody>
</table>
Figure 1: An analytical model of Social Responsibility in an Organisation
REFERENCES:

1. A.M. Louis (1969); The View form the Pinnacle; what business thinks; Fortune. September.


16. Abdul Farooq Khan, "Social Responsibility and Management".


34. O.P. Mathur (1978); Public Sector Banks in India in India's Economy A Case study of State Bank of India; Sterling Pub. Pvt. Ltd., New Delhi.


