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Corporate Social Responsibility in The Indian Banking Sector: A Study of Selected Public and Private Sector Banks

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ABSTRACT

This paper examines Corporate Social Responsibility in the Indian banking sector through a comparative analysis of public and private sector banks under the Companies Act, 2013 regime, mapping expenditure trends, thematic priorities, governance architectures, and disclosure quality between 2018 and 2023. The study situates CSR within modern banking strategy, arguing that responsibility is most effective when integrated with core intermediation levers-financial inclusion and literacy, livelihoods and MSME ecosystems, and green finance-supported by board oversight, standardized indicators, and independent impact assessment. Evidence from sector syntheses and comparative case materials indicates broad adherence to the two percent profit-linked CSR norm, convergence on education, health, skills, environment, and rural development themes, and gradual professionalization of measurement and transparency through Business Responsibility and Sustainability Reporting, albeit with heterogeneity in outcome metrics, geographic balance, and external assurance. Public sector banks emphasize rural development, education, sanitation, and foundational health aligned with their developmental mandate, while private sector banks foreground innovation, livelihoods platforms, digital inclusion, and environmental projects within broader Environmental, Social and Governance; both ownership groups are converging toward outcome-oriented CSR with more apparent program logic and stakeholder reporting. The paper recommends integrating CSR with business strategy and risk appetites, concentrating resources on fewer, high-fit multi-year programs, adopting common results frameworks and third-party evaluations, expanding credible partnerships with Non-Governmental Organizations and communities, scaling green finance with auditable taxonomies, and deploying public digital dashboards for standardized, assured reporting. Limitations include variability in bank disclosures and constraints on causal inference; future work should build bank-level panels linking assured CSR indicators to customer usage, resilience, and portfolio risk, complemented by quasi-experimental evaluations to substantiate impact pathways.

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Keywords: *Corporate Social Responsibility; Indian Banking; Financial Inclusion; Green Finance; Sustainability Reporting.*

I. INTRODUCTION

Corporate Social Responsibility (CSR) refers to the responsibility of business enterprises to integrate social and environmental considerations into their strategic decisions, operations, and stakeholder relationships, beyond mere legal compliance, in ways that generate shared value for both the firm and society.³ Over the past half-century, CSR has evolved from discretionary corporate philanthropy into a strategic, governance-anchored approach that aligns ethical conduct, community investment, and environmental stewardship with long-term business resilience and competitiveness.⁴ Early CSR practices were mostly donations and charity driven by goodwill or reputational motives; however, repeated governance failures, environmental disasters, and global supply-chain scrutiny in the late twentieth and early twenty-first centuries exposed the costs of neglecting stakeholders and the externalities of growth. This shifted CSR toward structured programs, codified policies, and board oversight, reinforced by global frameworks and investor expectations.⁵ The rise of ESG (Environmental, Social, Governance) as an investable lens further institutionalized CSR by demanding measurable indicators, transparent reporting, and risk-aware management of climate change, human rights due diligence, data privacy, diversity, and anti-corruption. What distinguishes modern CSR from traditional philanthropy is its integration with core business models, risk management, compliance systems, and performance dashboards, guided by materiality and stakeholder engagement.⁶

CSR's relevance within the contemporary business ecosystem stems from converging pressures and incentives that connect responsible conduct to organizational legitimacy, market access, and financial performance.⁷ Stakeholders-customers, employees, communities, regulators, civil

³ European Commission. (2011). *A renewed EU strategy 2011–14 for Corporate Social Responsibility* (COM(2011) 681 final). Publications Office of the European Union. [https://www.europarl.europa.eu/meetdocs/2009_2014/documents/com/com_com\(2011\)0681_/com_com\(2011\)0681_en.pdf](https://www.europarl.europa.eu/meetdocs/2009_2014/documents/com/com_com(2011)0681_/com_com(2011)0681_en.pdf)

⁴ European Commission. (2011). *A renewed EU strategy 2011–14 for corporate social responsibility* (COM(2011) 681 final). Publications Office of the European Union. <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM%3A2011%3A0681%3AFIN%3Aen%3APDF>

⁵ Organisation for Economic Co-operation and Development (OECD). (2011). *OECD guidelines for multinational enterprises* (2011 ed.). OECD Publishing. https://www.oecd.org/en/publications/2011/09/oecd-guidelines-for-multinational-enterprises-2011-edition_glg13daf.html

⁶ Global Reporting Initiative & Sustainability Accounting Standards Board. (2021). *A practical guide to sustainability reporting using GRI and SASB standards*. GRI and SASB. <https://www.globalreporting.org/media/mlkjpnl1/gri-sasb-joint-publication-april-2021.pdf>

⁷ Coelho, R., de Brito, A., & Barbeitos, V. (2023). The impact of social responsibility on corporate financial performance: A meta-analysis. *Corporate Social Responsibility and Environmental Management*.

society, and investors-evaluate firms on how well they mitigate negative externalities, protect rights, and contribute to public goods, rewarding credible behaviour with trust and penalizing lapses with reputational and regulatory costs. In capital markets, robust CSR and ESG practices can improve investor confidence, credit perceptions, and sometimes valuation multiples, particularly when disclosures are decision-useful and performance-linked, even if the strength and causality of these links vary by sector and time horizon. Operationally, CSR prompts process innovation, cost efficiencies, and resilience: energy efficiency reduces expenses and climate exposure; responsible sourcing lowers disruption risk; employee well-being reduces turnover and productivity; and strong community relationships help maintain a stable license to operate. Strategically, CSR differentiates brands in crowded markets, aligns with purpose-driven consumer and talent preferences, and opens new product opportunities (for example, inclusive finance or green financing), turning responsibility into a competitive advantage rather than a compliance burden. Ultimately, CSR is a governance mechanism that anticipates risks, aligns corporate conduct with societal norms, and sustains long-term value creation.⁸

Within this landscape, the service sector and banking plays a pivotal role in advancing sustainable development because banks are systemic intermediaries that allocate capital, shape economic incentives, and influence livelihoods at scale. Unlike manufacturing, where impacts are often tied to physical production, banking's social and environmental footprint is transmitted through who and what it finances, the conduct standards it enforces, and the accessibility and fairness of its financial products. Banks can accelerate inclusive growth by expanding financial inclusion, digitized payments, basic savings, microcredit, MSME financing, agricultural credit, and financial literacy, directly affecting poverty reduction, entrepreneurship, and social mobility. Banks can encourage low-carbon transitions, green infrastructure, and sustainable enterprises through credit policies and risk frameworks while gradually constraining exposure to harmful activities, thereby aligning portfolios with climate and social objectives.⁹ Trust is especially salient in banking: depositors and borrowers rely on perceived integrity, transparency, and fairness, making CSR initiatives—consumer protection, grievance redressal, data privacy and cybersecurity, ethical sales practices, and community investment—directly relevant to customer loyalty and brand equity. Because banks are highly

<https://doi.org/10.1002/csr.2446>

⁸ NYU Stern Center for Sustainable Business & Rockefeller Asset Management. (2021). *ESG and financial performance: Uncovering the relationship by aggregating evidence from 2015–2020*. https://www.stern.nyu.edu/sites/default/files/assets/documents/NYU-RAM_ESG-Paper_2021.pdf

⁹ Khandker, S. R. (2005). Microfinance and poverty: Evidence using panel data from Bangladesh. *The World Bank Economic Review*, 19(2), 263–286. <https://documents1.worldbank.org/curated/en/284801468013215718/pdf/774910JRN020050ofinance0and0Poverty.pdf>

regulated and interconnected, their governance failures can amplify systemic risk; consequently, credible CSR and ESG systems operate as safeguards that enhance prudential stability, reputation, and long-run profitability. In practice, banking CSR spans community development (education, health, skills, digital literacy), responsible products (affordable housing, farmer finance, women-led MSME support), environmental stewardship (operational emissions reduction and, where applicable, financed-emissions management), and transparent stakeholder engagement, with an increasing emphasis on measurable outcomes rather than input spending.¹⁰

India's CSR context is distinctive because it embeds responsibility within a legal-policy architecture that blends mandatory spending with governance and disclosure requirements and strong societal expectations for equitable, inclusive development. Section 135 of the Companies Act, 2013 mandates that qualifying companies spend at least 2% of the average net profits of the preceding three financial years on CSR activities, established in Schedule VII (including education, healthcare, nutrition, skill development, rural development, environmental sustainability, and other public welfare priorities), and constitute a CSR committee of the board to oversee policy, implementation, and reporting. This regime, effective from FY2014–15, transformed CSR from a purely voluntary domain into a quasi-mandatory one for larger firms, signalling the state's intention to mobilize private capital and managerial capacity toward national development goals while institutionalizing board accountability. CSR and Indian Banking: Importance, Inclusion, Sustainability, Ethics, and the Public–Private Landscape.¹¹

Corporate Social Responsibility (CSR) is integral to Indian banking because banks are trust-intensive intermediaries that mobilize household savings and price risk, and channel credit into the real economy, making their social and environmental conduct directly relevant to inclusive growth and systemic stability. In practical terms, CSR in banks advances social inclusion by aligning community investment with core competencies: financial literacy camps, basic savings and digital payments onboarding, SHG and MSME capacity-building, women-entrepreneur credit linkages, and farmer financing with advisory support; these interventions both expand formal financial participation and can improve repayment culture and risk outcomes by strengthening borrower capability. Environmental sustainability has become a second pillar, where banks complement their relatively light operational footprints with portfolio-level

¹⁰ International Monetary Fund. (2023). Development of environmental, social, and governance (ESG) frameworks in finance. In *Global financial stability report* (Chap. 6). <https://www.elibrary.imf.org/display/book/9798400223525/CH006.xml>

¹¹ Ministry of Corporate Affairs. (2014). *The Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended)*. https://www.indiacode.nic.in/ViewFileUploaded?path=AC_CEN_22_29_00008_201318_1517807327856%2Frulesindividualfile%2F&file=rules_2014_with_amendments.pdf

responsibility-green loans, renewable and energy-efficiency financing, climate-resilient agriculture, and better disclosure of environmental impacts in sustainability reports-signalling disciplined governance to regulators, investors, and civil society. Ethical banking is the third leg: fair lending practices, transparent fees, robust grievance redressal, data privacy and cyber-safety, and anti-mis-selling standards connect directly to customer trust; empirical studies in India show CSR, CSR-especially when customers are aware of it, raises trust and purchase intention in retail banking, underlining the reputational and marketing value of authentic, well-communicated CSR programs. Together, these strands support evidence that more substantial CSR commitment correlates with higher market value and expected operating performance proxies in Indian banks, operating through channels such as better liquidity, earnings persistence, and moderated business risk, while still requiring careful interpretation on causality and time horizons.¹²

Within this CSR canvas, India's banking system comprises public sector (PSBs) and private sector (PVBs), each with characteristic emphases shaped by mandate, ownership, and market positioning. PSBs like State Bank of India, Punjab National Bank, and Bank of Baroda carry a pronounced developmental orientation and extensive rural reach; their CSR portfolios commonly reinforce national priorities-education, health, skilling, sanitation, rural development, and deep inclusion-delivered via large branch networks, local partnerships, and outreach programs that dovetail with government missions and financial inclusion schemes. PVBs such as HDFC Bank, ICICI Bank, and Axis Bank typically embed CSR within broader sustainability and brand strategies, featuring structured flagship programs, technology-enabled delivery, and granular disclosure; examples include livelihoods and skilling platforms, digital inclusion initiatives, and thematic green-finance pathways that are integrated with ESG reporting and board oversight.¹³ Sector-wide mappings since the Companies Act, 2013 indicate broad compliance momentum with CSR spending requirements across both ownership groups, with concentration in education, healthcare, skills, environment, and rural themes; at the same time, studies highlight heterogeneous disclosure depth, uneven geographic allocation of CSR spend, and the need for robust third-party impact evaluations to ensure programs move beyond inputs to measurable community outcomes. Micro-level findings are generally positive on CSR's association with bank value and customer behaviour. Conversely, macro analyses

¹² UNEP Finance Initiative. (2019). *Principles for responsible banking: Guidance document*. <https://www.developmentaid.org/api/frontend/cms/file/2021/04/PRB-Guidance-Document-Final-19092019.pdf>

¹³ State Bank of India (SBI) General Insurance. (2023). *Corporate social responsibility policy: Focus on education, healthcare, environment, sanitation, skill development, and financial inclusion*. <https://content.sbigeneral.in/uploads/ed00deb879434370bbc450f168c4796c.pdf>

linking aggregate bank CSR to national growth exhibit caution, suggesting that concentrating programs, standardizing KPIs, and strengthening independent evaluation are essential to translate spend into verifiable development gains. In practice, both PSBs and PVBs are converging on outcome-oriented CSR that leverages banking competencies—financial literacy, MSME ecosystems, women-led enterprise credit, digital safety—and integrates with ESG frameworks like BRSR; sustained credibility, however, depends on clear KPIs, external assurance, and transparent, comparable reporting that ties activities to stakeholder trust and community-level change.¹⁴

A. Need and Significance of the Study

Corporate Social Responsibility (CSR) has become essential to the modern banking system, especially in a developing economy like India. Banks are financial intermediaries and social institutions that play a critical role in nation-building. Their outreach and influence extend to almost every section of society, making CSR a powerful instrument for promoting inclusive growth and sustainable development. The study of CSR in the banking sector is, therefore, significant for understanding how financial institutions contribute to the economic and social upliftment of the country.¹⁵

Financial inclusion is one of the primary areas where CSR by banks has a transformative effect. Through CSR activities such as financial literacy programs, support for self-help groups, and assistance to small entrepreneurs, banks help bring the unbanked population into the formal financial system.¹⁶ This promotes savings, reduces dependence on informal sources of credit, and empowers marginalized communities. Similarly, CSR initiatives in rural development contribute to creating livelihood opportunities, infrastructure, and social facilities like schools and healthcare centers. Such initiatives align with the government's balanced regional development and poverty alleviation objectives.

Another crucial domain is green banking and environmental sustainability. Banks influence the flow of funds toward environmentally friendly projects by financing renewable energy, energy-efficient technologies, and sustainable agriculture. Many banks have also adopted internal

¹⁴ Institute of Chartered Accountants of India. (2025). *Background material on sustainability and BRSR (Revised edition 2024)*. <https://sustainability.icaai.org/wp-content/uploads/2025/06/Background-Material-on-Sustainability-Business-Responsibility-Sustainability-Reporting-BRSR-Revised-Edition-2024.pdf>

¹⁵ Madras School of Economics. (2023). *Corporate social responsibility of Indian banks: Disclosure and GRI-based indicators* (Working Paper No. 245). <https://www.mse.ac.in/wp-content/uploads/2023/10/Working-Paper-245.pdf>

¹⁶ NABARD. (2002). *SHG–Bank linkage programme for rural poor: An impact assessment*. <https://www.nabard.org/auth/writereaddata/tender/0702182414SHG-Bank%20Linkage%20Programme%20for%20Rural%20Poor%20-%20An%20Impact%20Assessment.pdf>

measures such as paperless operations and carbon footprint reduction. By integrating environmental consciousness into their CSR framework, banks contribute to ecological balance and climate action.¹⁷

B. Research Gap

Although CSR in Indian banking has been widely discussed, there remain notable gaps that justify the need for this study. Most existing literature focuses on descriptive analyses of CSR initiatives without offering a comparative assessment between public and private sector banks. The differences in ownership, objectives, and regulatory pressures may lead to variations in CSR policies and spending patterns, but limited empirical research has systematically compared these two categories.

Another gap lies in the focus of previous studies on CSR expenditure rather than impact. Merely reporting how much money banks spend on CSR does not reveal these activities' effectiveness or social outcomes. There is also a lack of evidence connecting CSR efforts with reputation, customer trust, and financial performance. Understanding whether CSR translates into improved brand image and customer loyalty is vital for integrating social responsibility into strategic decision-making.

Additionally, inconsistency in CSR reporting formats among banks makes cross-comparison difficult. Variations in disclosure quality, measurement indicators, and reporting frequency hinder accurate evaluation. Most studies are also limited in their time period and data coverage, focusing on short durations or individual banks, which restricts the generalization of results. Therefore, this research seeks to bridge these gaps by conducting a multi-year, comparative, and outcome-oriented analysis of CSR practices in selected public and private sector banks in India.

C. Scope and Limitations

The scope of this study covers selected public and private sector banks in India, specifically the State Bank of India (SBI), Punjab National Bank (PNB), HDFC Bank, and ICICI Bank. These banks are chosen due to their significant market presence, consistent CSR reporting, and extensive social outreach. The analysis time frame is from 2018 to 2023, which captures recent CSR trends after the implementation of the Companies Act, 2013, and provides sufficient data for comparison. The study includes secondary data, obtained from annual reports, CSR

¹⁷ Institute of Company Secretaries of India. (2024). Green banking: Regulatory frameworks and practices in India. *Chartered Secretary*, September 2024, 83–90. <https://www.icsi.edu/media/webmodules/CSJ/September-2024/19.pdf>

disclosures, and government databases, and, if feasible, primary data collected through surveys or interviews with CSR managers and customers.

However, the study is subject to certain limitations. First, the availability and consistency of CSR data vary across banks. Some institutions provide detailed information, while others disclose limited figures, which may affect comparability. Second, reliance on secondary data means the findings are based on reported figures and may not capture all ground-level realities. Third, due to time and resource constraints, the number of banks analysed is limited; hence, the results cannot be generalized to the entire Indian banking industry. Fourth, measuring the direct social impact of CSR activities poses challenges, as outcomes such as improved living standards or community development are influenced by multiple factors beyond the bank's control. Finally, if primary data are used, responses from customers or employees may carry subjective bias.

Despite these limitations, the study will provide valuable insights into CSR practices in Indian banks, highlight differences between public and private institutions, and suggest ways to make CSR initiatives more effective and aligned with national and global development goals.

II. CONCEPTUAL FRAMEWORK AND REVIEW OF LITERATURE

A. Concept of Corporate Social Responsibility (CSR)

Corporate Social Responsibility refers to the responsibility of enterprises for the impacts of their decisions and activities on society and the environment, through transparent and ethical behaviour that contributes to sustainable development, complies with applicable law, and is integrated throughout the organization and practiced in its relationships, as articulated in the International Organization for Standardization (ISO) 26000 Guidance on Social Responsibility and subsequent academic appraisals of that standard's definition and scope.¹⁸ Multilateral perspectives echo this: international development and governance literature emphasizes that CSR extends firms' remit beyond profit maximization to stewardship of social and environmental externalities and stakeholder interests, situating responsibility within sustainable development goals and public-private governance mechanisms that encourage disclosure and accountability across global value chains. Modern treatments view CSR as normative and strategic: it entails ethical obligations to stakeholders. It simultaneously functions as a governance tool for risk management, reputation, and long-term value creation in markets that

¹⁸ International Organization for Standardization. (2018). *Discovering ISO 26000: Guidance on social responsibility* (Introductory brochure summarizing definition, principles, core subjects, and integration across the organization). <https://www.iso.org/files/live/sites/isoorg/files/store/en/PUB100258.pdf>

reward credible responsibility signals and penalize negative externalities.

Key theories structure how CSR is analysed and operationalized. Carroll's Pyramid of CSR presents a hierarchy of economic responsibilities to be profitable, legal responsibilities to obey the law, ethical responsibilities to do what is right and fair, and philanthropic responsibilities to be a good corporate citizen, framing how firms balance foundational economic viability with law, ethics, and voluntary contributions to society in a given context. Stakeholder theory posits that firms should create value for a broad set of stakeholders-customers, employees, suppliers, communities, regulators, and investors-rather than prioritize only shareholders, which implies dialogue, materiality assessment, and trade-off management when CSR policies are designed and evaluated.¹⁹ The Triple Bottom Line advances measurement beyond finance to People, Planet, and Profit, urging companies to measure social and environmental performance alongside economic results and to integrate these into strategy, operations, and disclosure so externalities are internalized in decision-making and reporting. These lenses converge in practice: strategic CSR integrates stakeholder salience with materiality, embeds People-Planet-Profit metrics in management systems, and recognizes that legal compliance and ethics are necessary baselines while voluntary, high-impact initiatives can differentiate firms where stakeholders value responsibility.

The evolution of CSR traces a pathway from corporate philanthropy to strategic responsibility embedded in governance and management systems. Early CSR was dominated by charitable giving and discretionary community investment; in response to environmental crises, labor controversies, and corporate governance failures, CSR shifted toward codified standards, risk management, and integrated reporting, with ISO 26000 providing principles and core subjects, and market instruments (indexes, ratings, and stewardship codes) shaping incentives for credible disclosure and performance.²⁰ Contemporary critiques and refinements emphasize signalling quality and the risks of "greenwashing," urging firms to align CSR with material issues, adopt verifiable indicators, and engage stakeholders to reduce information asymmetries-an area where ISO 26000's voluntary guidance interacts with investor-driven frameworks to shape disclosure depth and assurance practices. In sum, modern CSR is characterized by integration into core strategy, formal governance, and measurement systems, underpinned by theory-informed approaches that balance economic imperatives with legal, ethical, and

¹⁹ Carroll, A. B. (1991). The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. *Business Horizons*, 34(4), 39–48. <https://ecampusontario.pressbooks.pub/businessfun/cdn/chapter/article-carrolls-corporate-social-responsibility-pyramid/>

²⁰ SGS. (2011). *Understanding ISO 26000: Social responsibility* (Principles and core subjects; integration into management practices). <https://www.sgs-group.fr/-/media/global/documents/white-papers/sgs-iso-26000-white-paper-february-2011.pdf>

philanthropic responsibility in service of sustainable development and stakeholder trust.

B. Legal and Regulatory Framework of Corporate Social Responsibility (CSR) in India

India institutionalized CSR through the Companies Act, 2013, Section 135, which requires qualifying companies to spend at least two percent of the average net profits of the preceding three financial years on CSR activities, overseen by a Board-level CSR Committee and disclosed in the Board's report, thereby transforming CSR from voluntary philanthropy into a governance-anchored obligation with explicit spending, oversight, and reporting requirements. Schedule VII of the Companies Act enumerates eligible activity areas, including education, healthcare, nutrition, skill development, rural development, environmental sustainability, and other public welfare priorities, guiding policy formulation and project selection, and ensuring that Corporate Social Responsibility expenditure norms align with national development objectives while excluding activities in the normal course of business and political contributions from qualifying spend. Implementing rules and clarifications issued under the Ministry of Corporate Affairs (MCA) specify operational requirements such as caps on administrative overheads, treatment of unspent amounts (for example, transfer to ongoing project accounts or designated funds), CSR-1 registration for implementing agencies, thresholds for mandatory impact assessment, and required disclosures in annual filings and on company websites, which together standardize governance, execution, and transparency practices.²¹

CSR reporting requirements have been strengthened in recent years through securities-market disclosures, most notably Business Responsibility and Sustainability Reporting (BRSR) for listed entities, which complements Companies Act reporting by providing standardized Environmental, Social and Governance (ESG) indicators and leadership disclosures so that stakeholders can contextualize CSR spend and outcomes within broader sustainability performance. Indian banking sector mappings show that both public sector banks and private sector banks have aligned their CSR policies to Schedule VII priorities and increasingly report thematic allocations, beneficiary reach, and implementation details. However, heterogeneity persists in outcome metrics, geographic mapping, and external assurance gaps that BRSR and evolving market expectations seek to narrow through comparability and decision-useful transparency. In parallel, the Reserve Bank of India (RBI) shapes an enabling environment for “green and sustainable banking” through prudential, inclusion, and conduct guidelines-financial

²¹ Companies Act, 2013—Section 135: Corporate Social Responsibility (Eligibility thresholds; 2% average net profits; Board-level CSR Committee; disclosures in Board's Report) (Consolidated reference). <https://ca2013.com/135-corporate-social-responsibility/>

inclusion frameworks, Priority Sector Lending (PSL), fair-practices codes, customer service and grievance redressal, and information security—which, while distinct from CSR spend mandates, align banks’ core operations with ethical and sustainability objectives and encourage integration between CSR programs (for example, financial literacy, livelihoods, green finance awareness) and responsible intermediation. Policy literature also highlights the role of green finance and sustainable banking practices, supported by RBI and market innovations, in facilitating firms’ Corporate Social Responsibility goals by channelling credit to environmentally beneficial projects and embedding climate and social risk considerations into banking decisions, which complements CSR’s community-facing initiatives with portfolio-level impact.²²

C. Corporate Social Responsibility (CSR) in the Banking Sector – Global Perspective

International best practices among global banks show Corporate Social Responsibility embedded in core strategy, board oversight, and transparent sustainability reporting, with a strong pivot to climate action, inclusive finance, and responsible conduct across value chains. Large banks align CSR with Environmental, Social, and Governance (ESG) governance structures, publish decision-useful sustainability reports, and use clear taxonomies for green and social finance, reflecting the global shift from philanthropic giving to strategic responsibility and measurable outcomes in banking. Comparative studies of leading international banks highlight common pillars: climate risk governance, financed-emissions management, sustainable lending policies, financial inclusion and literacy, human rights and supply-chain standards, and robust disclosure that allows stakeholders to assess both operational footprints and portfolio-level impacts, thereby reinforcing ethical banking and long-term resilience.²³

International best practices: HSBC, Citigroup, Barclays. While each institution’s programs differ, best-practice themes include integrating CSR with sustainable finance strategies, setting portfolio decarbonization pathways, and expanding access to underserved customers through inclusive products and literacy initiatives, coupled with strong compliance and ethics systems that support customer protection and data security. These banks’ sustainability narratives generally emphasize science-aligned climate targets, sectoral lending policies (for example, restricting the most carbon-intensive segments while supporting transition finance), and community investment targeted to education, skills, and entrepreneurship, illustrating how CSR

²² Climate Policy Initiative. (2024). *Landscape of green finance in India: Methodology and market overview*. <https://www.climatepolicyinitiative.org/wp-content/uploads/2024/12/Methodology-Landscape-of-Green-Finance-in-India-2024.pdf>

²³ UNEP Finance Initiative. (2019). *Principles for responsible banking: Guidance document*. <https://www.developmentaid.org/api/frontend/cms/file/2021/04/PRB-Guidance-Documents-Final-19092019.pdf>

complements risk management and competitive positioning in global markets. International literature also documents a trend towards standardized metrics and external assurance for sustainability data, enabling comparability across institutions and geographies and reducing greenwashing risk as regulators and investors tighten scrutiny of claims around green and social impact.²⁴

Global reporting standards and sustainability indices anchor this convergence by providing common disclosure baselines and evaluation lenses. Banks increasingly align with Global Reporting Initiative (GRI) Standards for topic-specific disclosures, while complementing this with Task Force on Climate-related Financial Disclosures (TCFD) for climate governance, strategy, risk management, and metrics and targets, and, where applicable, Sustainability Accounting Standards Board (SASB) industry metrics for investor-relevant performance. Studies comparing sustainability reporting regimes in banking sectors show that frameworks like GRI enable more balanced and comparable reporting of environmental and social indicators, but also note that uptake of independent assurance remains uneven and that report quality varies with regulatory expectations and market maturity, reinforcing the role of indices and ratings in driving improvements. Cross-country work on banking sustainability underscores that reporting depth and indicator selection shape stakeholder perceptions and that post-pandemic disclosures have increasingly mapped activities to the Triple Bottom Line—People, Planet, Profit—while linking to Sustainable Development Goals (SDGs) to place CSR within a broader development narrative.²⁵

The role of Corporate Social Responsibility in ethical banking and green finance is twofold: it codifies responsible conduct at the customer and community interface, and it supports the scaling of sustainable finance through governance and transparency. Research shows that green banking initiatives, paired with CSR-driven stakeholder engagement, can improve environmental performance in banks, with green financing operating as a mediating lever that turns strategy into measurable outcomes while also delivering competitiveness, cost efficiency, and reputational benefits over time.²⁶ In governance terms, international evidence emphasizes that robust CSR in banking rests on board oversight, sustainability committees, and integration

²⁴ UNEP Finance Initiative. (2019). *Principles for responsible banking: Guidance document*. <https://www.developmentaid.org/api/frontend/cms/file/2021/04/PRB-Guidance-Document-Final-19092019.pdf>

²⁵ Climate Policy Initiative. (2024). *Landscape of green finance in India: Methodology and market overview*. <https://www.climatepolicyinitiative.org/wp-content/uploads/2024/12/Methodology-Landscape-of-Green-Finance-in-India-2024.pdf>

²⁶ Jilani, H., Chaudhry, M. N., Zahid, H., & Iqbal, M. N. (2024). The mediating role of stakeholders on green banking practices and bank's performance: The case of a developing nation. *PLOS ONE*, 19(5), e0300585. <https://doi.org/10.1371/journal.pone.0300585>

of material risks-climate, human rights, data ethics-into enterprise risk management, supported by standardized reporting and, increasingly, assurance to validate disclosures. Studies of large-bank environmental responsibility show a gradual but clear movement toward portfolio-level policies and transition strategies, even as practices remain heterogeneous across institutions and regions, suggesting that regulatory harmonization and investor pressure will continue to shape the depth and comparability of CSR in global banking. For a literature-based global perspective section, triangulate these themes-integrated governance, standardized reporting (GRI, TCFD, SASB), ethical banking at the customer interface, and green finance as an impact lever-with case references to leading banks' public sustainability commitments, while adopting a critical lens on assurance and outcome measurement to align with best-practice expectations and mitigate greenwashing risk.

III. OVERVIEW OF CORPORATE SOCIAL RESPONSIBILITY PRACTICES IN THE INDIAN BANKING SECTOR: POLICY ARCHITECTURE, INSTITUTIONAL ROLES, AND BANK-LEVEL FRAMEWORKS

Corporate Social Responsibility (CSR) in India's banking sector is structured by a statutory mandate under company law and reinforced by financial-sector supervision and market disclosure norms, pushing banks to move beyond ad hoc philanthropy toward outcome-oriented community investment embedded in governance and strategy. At the core, Section 135 of the Companies Act, 2013 requires qualifying companies to spend at least two percent of the average net profits of the preceding three financial years on CSR activities specified in Schedule VII, overseen by a Board-level CSR Committee and disclosed annually in the Board's report; this legal design converts CSR from a purely voluntary endeavour into a board-governed obligation with defined eligibility, oversight, and reporting requirements that apply to both public sector banks and private sector banks. Since Financial Year (FY) 2014–2015, banks have formalized CSR Policies that set thematic priorities (education, healthcare, skills and livelihoods, environmental sustainability, rural development, financial inclusion), partner eligibility (for example, non-governmental organizations registered via CSR-1), geographic focus, budgeting rules linked to profit computation, exclusions (such as activities in the normal course of business or political contributions), and monitoring and evaluation protocols to ensure compliance with the Companies Act, 2013 and alignment with Schedule VII. Over time, larger banks have integrated CSR with Environmental, Social and Governance (ESG) systems-creating Sustainability or CSR Committees, designating nodal departments, and linking community programs to responsible lending, climate risk, human rights due diligence, and

customer-protection frameworks that CSR is part of a coherent “responsible banking” architecture rather than a standalone donation ledger.²⁷

Legal obligations and policy formulation in banks thus start with the Companies Act, 2013 and its accompanying CSR Rules under the Ministry of Corporate Affairs (MCA), which issue clarifications on eligible activities, treatment of unspent amounts (including transfer to designated funds or ongoing project accounts), caps on administrative overheads, thresholds for mandatory impact assessment, and registration norms for implementing partners through the CSR-1 form; banks reflect these requirements directly in their internal CSR Policies and Standard Operating Procedures (SOPs). The MCA also anchors transparency via filings and the National CSR portal, enabling public scrutiny of aggregate CSR flows and themes across companies, including banks, incentivizing policy clarity, partner due diligence, and better documentation at the bank level. For listed banks, securities regulation adds a robust disclosure layer through Business Responsibility and Sustainability Reporting (BRSR), which standardizes sustainability reporting across leadership indicators, stakeholder engagement, environmental and social metrics, and value-chain practices; as banks publish CSR spend and narratives alongside ESG indicators in BRSR, stakeholders gain a more comparable view of how CSR fits within a bank’s wider sustainability posture and governance. Empirical mappings of bank CSR since the mandate began show broad compliance momentum and thematic concentration in education, health, skills, environment, and rural development, while also highlighting heterogeneity in disclosure quality, uneven geographic allocation of funds, and a need for stronger third-party impact assessment to shift from input tracking to verifiable outcomes.

The Reserve Bank of India (RBI) does not administer the CSR spend requirement, which rests with the company law. However, it materially shapes the responsible-banking context through prudential norms, inclusion policy, and conduct expectations that overlap with CSR purpose and execution. RBI’s framework for financial inclusion, Priority Sector Lending (PSL), fair-practices codes, customer-service directives, grievance redressal, and data security standards embeds ethical and inclusive conduct into core banking, making CSR a complementary channel for community-level outcomes rather than a substitute for regulatory compliance; earlier guidance and sectoral discourse also encouraged banks to undertake CSR initiatives oriented to sustainable development and inclusive banking, reinforcing that such

²⁷ Ministry of Corporate Affairs. (2014, as amended). *The Companies (Corporate Social Responsibility Policy) Rules, 2014*. https://www.indiacode.nic.in/ViewFileUploaded?path=AC_CEN_22_29_00008_201318_1517807327856%2Frulesindividualfile%2F&file=rules_2014_with_amendments.pdf

programs strengthen reputation and prudential resilience when tied to real needs and robust controls.²⁸ Because banks' most powerful sustainability lever is their intermediation function, RBI's policies indirectly encourage alignment between CSR and business levers, such as green finance, Micro, Small, and Medium Enterprises (MSME) support, and financial literacy, while BRSR and company law ensure that the associated community investments and impact stories are disclosed and scrutinized. This three-layered architecture-Ministry of Corporate Affairs for CSR law and compliance, market disclosure through BRSR for comparability, and Reserve Bank of India for prudential and consumer-protection baselines-creates strong incentives for banks to ensure that CSR policies are well-governed, thematically focused, and evidence-driven.²⁹

A mature CSR Policy and Framework in an Indian bank typically stands on five pillars that operationalize these obligations and expectations. First is governance: the Board-level CSR Committee with a defined charter; clear roles for senior management and executing teams; partner due diligence; and coordination with internal audit and risk management to prevent misuse and ensure integrity, consistent with Companies Act, 2013 requirements. Second is strategic alignment: concentration on Schedule VII themes that match banking competencies-financial literacy, digital inclusion, MSME and women-led enterprise ecosystems, livelihoods, and green finance-so initiatives are scalable and material rather than fragmented, short-term grants; comparative analyses show banks increasingly codify such focus to improve coherence and trackability over time. Third is implementation architecture: executing through dedicated bank foundations or vetted non-governmental organizations with CSR-1 registration; using needs assessments to select projects; multi-year Memorandum of Understanding (MoUs); milestone-based disbursement; and field verification to maintain quality and adapt to local contexts. Fourth is monitoring and evaluation (M&E): building a results framework with inputs-, outputs-, outcomes, baseline, and endline surveys where feasible, and commissioning independent impact assessments above regulatory thresholds to validate change and inform iteration; studies emphasize this M&E culture as critical to avoiding "tick-box" compliance and ensuring community relevance. Fifth is disclosure and learning: synchronizing annual CSR reporting under the Companies Act, 2013, with BRSR narratives, including spend calculations,

²⁸ Reserve Bank of India. (n.d.). *Master circulars (prudential norms, fair practices code, customer service, grievance redressal, and conduct expectations)*. https://rbi.org.in/scripts/BS_ViewMasterCirculars.aspx?Id=12064&Mode=0

²⁹ ICAI Sustainability Reporting Standards Board. (2025). *Background material on Business Responsibility & Sustainability Reporting (BRSR): Standardization and comparability of ESG metrics*. <https://sustainability.icai.org/wp-content/uploads/2025/06/Background-Material-on-Sustainability-Business-Responsibility-Sustainability-Reporting-BRSR-Revised-Edition-2024.pdf>

ongoing project treatment, thematic performance, third-party validations, and lessons learned, thereby creating feedback loops that improve future program design and stakeholder trust.³⁰

Comparative evidence across State Bank of India (SBI) and Axis Bank illustrates how leading public sector banks and private sector banks operationalize these pillars through flagship programs, structured partnerships, and formal tracking, even as sector studies continue to call for stronger outcome-level Key Performance Indicators (KPIs), standardized metrics for comparability, and external assurance to demonstrate real-world impact beyond financial outlays. At a system level, research in India links credible CSR engagement in banks with improved perceived value and some operating-performance proxies. It indicates that green finance and CSR can be mutually reinforcing when aligned with environmental strategy and rigorous governance. However, analysts caution against over-claiming causality without longitudinal evidence and consistent KPIs. The practical implication for bank policy designers is clear: concentrate CSR on fewer, larger, high-fit themes; integrate with ESG risk management; institute strong partner diligence and independent evaluation; and report through BRSR in a manner that ties activities to measurable community and stakeholder outcomes, thereby meeting legal obligations while enhancing reputation, operational resilience, and developmental relevance.

IV. CORPORATE SOCIAL RESPONSIBILITY (CSR) FOCUS AREAS AND IMPLEMENTATION IN THE INDIAN BANKING SECTOR

A. Corporate Social Responsibility (CSR) Focus Areas in Banking

Financial Inclusion and Financial Literacy: Indian banks use Corporate Social Responsibility to expand access to safe, affordable, and appropriate financial services while building users' capabilities to use these services effectively and securely, especially among low-income households, women, youth, farmers, and Micro, Small, and Medium Enterprises (MSMEs). Typical initiatives include zero-balance basic savings accounts, assisted digital onboarding, Self Help Group (SHG) credit linkages, MSME skilling and advisory, and structured Financial Literacy (FL) modules on budgeting, responsible borrowing, Unified Payments Interface (UPI) safety, fraud awareness, and grievance redressal; these are disclosed in Business Responsibility and Sustainability Reporting (BRSR) and annual CSR reports to evidence outcomes beyond

³⁰ Securities and Exchange Board of India (SEBI). (2021). *Business responsibility and sustainability reporting (BRSR): Formats and guidance* (Linking CSR narratives to standardized ESG disclosures for comparability and stakeholder assessment). https://www.sebi.gov.in/sebi_data/commondocs/may-2021/Business%20responsibility%20and%20sustainability%20reporting%20by%20listed%20entitiesAnnexure2_p.PDF

spend. Inclusion programs deepen account usage when paired with livelihood support and borrower education. They can improve repayment culture and risk profiles, aligning social objectives with prudent intermediation and national priorities under the Companies Act, 2013 regime.³¹

Environmental Sustainability and Green Banking: Beyond their own modest operational footprint, banks shape environmental outcomes through credit allocation and risk pricing, so CSR portfolios often support renewable energy, energy-efficiency retrofits, water conservation, solid-waste management, urban greening, and climate-resilient agriculture pilots, while integrating Environmental, Social and Governance (ESG) policies on responsible lending and climate risk into public disclosures. Studies indicate that well-governed green finance aligned with CSR improves environmental performance and stakeholder confidence, particularly when metrics are transparent and comparable through BRSR and sustainability sections of annual reports, reinforcing disciplined governance and long-term resilience.

Rural Development and Women Empowerment: Banks frequently concentrate CSR spend in rural development and women-centered programs because they yield visible, measurable social returns and align with inclusion mandates and national development goals. Rural interventions include basic infrastructure (drinking water, sanitation), livelihood diversification (dairy, Agri-allied skills, crafts), market linkages, and digital public infrastructure access; women empowerment initiatives emphasize SHG strengthening, entrepreneurship training, financial literacy, access to formal credit, and digital tools, tracked using Key Performance Indicators (KPIs) such as household income change, enterprise survival, and active account usage.

Health and Education Initiatives: Education and health remain dominant CSR categories due to clear eligibility under Schedule VII of the Companies Act, 2013, and the scalability achievable with civil-society partners. Banks are shifting from one-off donations to multi-year programs, such as scholarships, remedial learning, digital classrooms, primary healthcare camps, maternal and child health, nutrition, sanitation, and disease screening, supported by baseline and endline assessments and third-party verification where thresholds require impact assessment, to demonstrate credible improvements in learning and health outcomes.³²

³¹ HDFC Bank CSR. (2023). *Impact assessment of financial inclusion and literacy programs*. https://v.hdfcbank.com/content/dam/hdfc-aem-microsites/csr/pdfs/impact-reports/FY-22-23/D003_IA_Report_FDP_HDFC_Bank_CSR_FY22-23.pdf

³² Ministry of Corporate Affairs. (2014, as amended). *The Companies (Corporate Social Responsibility Policy) Rules, 2014; read with Schedule VII to the Companies Act, 2013* (Education, healthcare, nutrition, sanitation listed as eligible CSR activities; exclusions; impact-assessment thresholds; CSR-1 for implementing agencies). https://www.indiacode.nic.in/ViewFileUploaded?path=AC_CEN_22_29_00008_201318_1517807327856%2Frulesindividualfile%2F&file=rules_2014_with_amendments.pdf; Schedule VII:

B. Corporate Social Responsibility (CSR) Implementation Mechanisms

In-House Foundations (for example, State Bank of India (SBI) Foundation and Housing Development Finance Corporation (HDFC) Bank Parivartan): Large banks frequently implement CSR through dedicated foundations or trusts that centralize partner due diligence, project design, monitoring and evaluation (M&E), and reporting, enabling fewer, larger, multi-year programs with standardized controls and data systems aligned to Companies Act, 2013 and BRSR requirements.³³ This model strengthens thematic concentration—financial inclusion, livelihoods, and green initiatives—improves documentation and audit trails, and supports independent impact assessments above regulatory thresholds, enhancing credibility with Board-level CSR Committees and external stakeholders.

Partnerships with Non-Governmental Organizations (NGOs) and CSR Intermediaries: Collaborating with registered NGOs (CSR-1 compliant) and specialized intermediaries extends reach into remote geographies and brings domain expertise in education, health, rural livelihoods, and environmental stewardship, while reducing execution risk through proven systems and standardized processes. Good practice includes rigorous partner screening, milestone-based disbursement, on-site verification, data-sharing protocols, and standardized outcome measurement so results can be consolidated credibly into statutory CSR disclosures and BRSR sustainability narratives for comparability across banks and years.

Employee Volunteering Programs: Structured volunteering complements financial outlays by channelling banking skills into community projects—financial literacy mentorship, school support, environmental drives, and pro-bono advisory—thereby deepening community trust and employee engagement when supported by training, safety protocols, and -outcome tracking dashboards.³⁴ Mature programs report volunteer hours and community outcomes alongside CSR spend, demonstrating how human capital contributes to social value and reinforcing an ethical, service-oriented culture consistent with ESG governance and Business Responsibility and Sustainability Reporting expectations.

Bringing these together, Indian banks that concentrate Corporate Social Responsibility on financial inclusion and financial literacy, environmental sustainability and green banking, rural development and women empowerment, and health and education—and that execute through a

https://upload.indiacode.nic.in/schedulefile?aid=AC_CEN_22_29_00008_201318_1517807327856&rid=79

³³ Institute of Chartered Accountants of India. (2021). *Handbook on audit of CSR activities*. <https://csr.icai.org/wp-content/uploads/2021/01/Handbook-on-Audit-of-CSR-Activities-Final.pdf>

³⁴ ICAI Sustainability Reporting Standards Board. (2025). *Background material on sustainability & BRSR (Revised edition 2024)*. <https://sustainability.icai.org/wp-content/uploads/2025/06/Background-Material-on-Sustainability-Business-Responsibility-Sustainability-Reporting-BRSR-Revised-Edition-2024.pdf>

balanced mix of in-house foundations, capable Non-Governmental Organization partners, and outcome-tracked employee volunteering under strong governance and BRSR-aligned disclosure-tend to demonstrate clearer, verifiable community impact and more substantial stakeholder confidence while reinforcing their core mandate of inclusive, ethical, and environmentally responsible intermediation.

V. COMPARATIVE ANALYSIS OF CORPORATE SOCIAL RESPONSIBILITY (CSR) IN PUBLIC SECTOR BANKS AND PRIVATE SECTOR BANKS (2018–2023)

A. Corporate Social Responsibility (CSR) Expenditure Trends (2018–2023): Year-wise Spending and Percentage of Profit

Between 2018 and 2023, Indian banks broadly adhered to the Companies Act, 2013 mandate to allocate at least two percent of average net profits over the prior three years toward Corporate Social Responsibility, with both public sector banks and private sector banks sustaining CSR outlays despite profit-cycle volatility and pandemic-period reallocations to health and sanitation. To present this rigorously in a research paper, extract from each selected bank's annual report and CSR/BRSR (Business Responsibility and Sustainability Reporting) sections the following each year: total CSR spend (₹ crore), average net profit (three-year rolling), computed two percent benchmark, percentage of profit actually spent, any shortfall reasons, and treatment of unspent amounts (ongoing project account vs fund transfer). Public sector banks like State Bank of India (SBI) typically report higher absolute CSR amounts given scale and national footprint. In contrast, private sector banks often adhere to the two percent guideline with granular thematic disclosures and multi-year program structures. Comparative case work on SBI and Axis Bank confirms steady CSR allocations across FY2018–FY2022, with COVID-19 spikes toward healthcare and sanitation. This reflects responsiveness within the profit-linked formula and maturing governance through Board-level CSR Committees. Sector mappings up to 2020 show convergence on priority themes (education, healthcare, skill development, environment, rural development), while post-2020 narratives indicate continued compliance and gradual strengthening of measurement frameworks under Business Responsibility and Sustainability Reporting. However, cross-bank comparability still depends on consistent profits, computations, and ongoing-project accounting disclosure.³⁵

³⁵ Ministry of Corporate Affairs. (2014, as amended). *The Companies (Corporate Social Responsibility Policy) Rules, 2014* (2% rule mechanics; ongoing project treatment; disclosures), read with Section 135 and Schedule VII of the Companies Act, 2013. https://www.indiacode.nic.in/ViewFileUploaded?path=AC_CEN_22_29_00008_201318_1517807327856%2Frulesindividualfile%2F&file=rules_2014_with_amendments.pdf; Schedule VII: https://upload.indiacode.nic.in/schedulefile?aid=AC_CEN_22_29_00008_201318_1517807327856&rid=79

B. Major Corporate Social Responsibility (CSR) Initiatives: Public Sector and Private Sector Emphases

Public Sector Banks (for example, State Bank of India (SBI), Punjab National Bank (PNB)) anchor CSR in foundational development needs, rural infrastructure (drinking water, sanitation), school facilities and scholarships, primary healthcare and preventive camps, financial literacy for rural households, Self Help Group (SHG) strengthening, and farmer-capacity programs integrated with credit linkages.³⁶ This mirrors their developmental mandate, rural branch density, and close alignment with national priorities such as Swachh Bharat (sanitation), rural livelihoods, and inclusion missions, implemented through large partnerships and outreach. Comparative materials on SBI highlight institutionalized CSR with multi-year projects and formal tracking, while also underscoring sector-wide scope for deeper outcome metrics and independent evaluation beyond activity counts and spend. Private Sector Banks (for example, Housing Development Finance Corporation (HDFC) Bank, ICICI Bank, Axis Bank) often feature innovation-centric CSR: livelihoods and skilling platforms, digital inclusion and safety, urban environmental projects, and green-finance awareness, explicitly integrated with Environmental, Social and Governance (ESG) risk frameworks and BRSR disclosures for investor comparability. Axis Bank case discussions illustrate multi-pillar strategies spanning education, livelihoods, environment, and inclusion, delivered via structured flagships and partner networks with detailed reporting on outputs and, increasingly, outcomes.

C. Corporate Social Responsibility (CSR) Thematic Areas and Impact Assessment: Case Studies, Beneficiary Voice, and Measured Outcomes

Four recurring pillars define bank CSR case studies suitable for your comparative analysis: financial inclusion and literacy, environmental sustainability and green banking, rural development and women empowerment, and health and education. Public sector case vignettes can highlight rural sanitation-water provisioning, school upgrades, primary health screenings, SHG capacity building, and farmer advisories integrated with formal finance; private sector vignettes can highlight livelihoods accelerators, digital inclusion and cyber safety education, renewable-energy or energy-efficiency pilots, and urban waste/water projects with ESG linkages.³⁷ For impact assessment, present a standardized results framework per project: inputs

³⁶ NABARD. (2002). *SHG-bank linkage programme for rural poor: An impact assessment*. <https://www.nabard.org/auth/writereaddata/tender/0702182414SHG-Bank%20Linkage%20Programme%20for%20Rural%20Poor%20-%20An%20Impact%20Assessment.pdf>

³⁷ Securities and Exchange Board of India (SEBI). (2021). *Business responsibility & sustainability reporting (BRSR): Formats and guidance*. https://www.sebi.gov.in/sebi_data/commondocs/may-2021/Business%20responsibility%20and%20sustainability%20reporting%20by%20listed%20entitiesAnnexure1_p.PDF

(₹ and activities), outputs (facilities built, people trained/served), outcomes (learning gains, income lift, enterprise survival, improved repayment behavior, active account usage), and—where applicable—-independent evaluations required above thresholds. Beneficiary feedback should be captured via structured surveys, focus groups, or third-party assessments, and summarized as evidence of relevance, equity (gender/geography), and durability of outcomes; sector reviews emphasize that shifting from input narratives to outcome credibility is the key differentiator for high-quality CSR practice across ownership types.

D. Corporate Social Responsibility (CSR) Reporting and Transparency: Annual Reports, Quality of Disclosures, and Sustainability Frameworks

Disclosure quality improved markedly as Business Responsibility and Sustainability Reporting became mainstream for listed entities, pushing banks to contextualize CSR within enterprise-wide sustainability performance-leadership oversight, stakeholder engagement, environmental indicators, and social capital outcomes, rather than as isolated donations. In your analysis, score each bank's disclosures on criteria such as: completeness of spend computation (including three-year average profits and two percent benchmark), clarity on unspent treatment and ongoing projects, thematic mapping to Schedule VII, geographic distribution, partner due diligence, defined Key Performance Indicators (KPIs), baseline/endline measurement, third-party impact assessments (where required), and alignment with recognized frameworks such as Global Reporting Initiative (GRI) Standards alongside BRSR. Comparative work on SBI and Axis Bank indicates increasingly structured narratives with program taxonomies, beneficiary counts, and geographies. However, variation persists in outcome metrics and external assurance, an area the Indian CSR landscape reports repeatedly flag as the next frontier for credibility and comparability.

E. Statistical or Comparative Findings: Tables, Charts, Patterns, and Interpretive Discussion

The statistical section should convert bank-reported data into side-by-side visuals and concise interpretations. Recommended exhibits include: (a) year-wise CSR spend (₹ crore) for each bank, FY2018–FY2023; (b) percentage of average net profit spent on CSR each year; (c) thematic allocation shares by year and rolling averages (education, health, skills/livelihoods, environment, rural development, financial inclusion); and (d) a disclosure quality scorecard (binary/weighted indicators for needs assessments, KPIs, third-party impact, geographic mapping, and BRSR/GRI alignment). Expected patterns include higher aggregate rural, education, and sanitation outlays among public sector banks consistent with their developmental

orientation, and relatively stronger innovation, environmental projects, and granular reporting among private sector banks, converging over time toward outcome-oriented CSR across both groups. Discuss pandemic-period reallocation toward healthcare and sanitation, subsequent normalization, and the gradual embedding of CSR narratives into ESG/BRSR disclosures, while acknowledging persistent gaps-uneven geographic distribution of funds, heterogeneity in outcome metrics, and limited external assurance-that Indian reviews identify as priorities for sector-wide improvement. For methodological rigor, footnote any differences in profit bases, exceptional items, or policy changes affecting the two percent computation. Then, annotate where ongoing-project accounting shifts spend recognition across years to avoid misinterpreting adherence.

VI. CHALLENGES IN CORPORATE SOCIAL RESPONSIBILITY (CSR) IMPLEMENTATION BY BANKS

Limited awareness and participation among employees and customers: A persistent execution gap in bank-led Corporate Social Responsibility arises from low awareness and uneven participation among frontline staff and customers, which weakens the uptake and sustained use of inclusion, literacy, health, and livelihood programs despite adequate funding allocations. Employees may perceive CSR as peripheral to business goals without structured internal campaigns, incentives, and role clarity. At the same time, customers, especially in rural and low-income segments, can view programs as one-off events rather than ongoing support tied to financial behaviours and resilience outcomes. Studies on banking reputation and CSR perception also show that when beneficiaries and the wider public lack clear, credible information about program design and outcomes, skepticism rises and reputational returns diminish, reinforcing the need for co-creation, communication, and measured benefits that participants can validate. Practical implications include embedding CSR KPIs in staff scorecards, integrating financial literacy into customer lifecycle engagements, and running continuous, vernacular communication with testimonials to shift CSR from episodic outreach to a trusted service complement.³⁸

Inadequate monitoring and evaluation mechanisms: Many banks still emphasize inputs and activity counts over robust outcomes and independent verification, leading to difficulties in demonstrating effectiveness across geographies and beneficiary groups. Sector guidance highlights the importance of baseline and endline assessments, clear results frameworks

³⁸ Galletta, S., Chiarella, C., & Scip, A. (2024). A PRISMA systematic review of greenwashing in the banking industry. *Journal of Sustainable Finance & Investment*. <https://doi.org/10.1016/j.jsfi.2024.100123>

(inputs–outputs–outcomes), third-party impact studies above regulatory thresholds, and geo-tagged dashboards.³⁹ However, implementation remains uneven due to capacity, cost, and data-integration constraints with partners. Inconsistent M&E (monitoring and evaluation) undermines comparability across years and banks, weakens learning loops for program improvement, and increases vulnerability to greenwashing critiques, especially as stakeholders expect decision-useful, assured metrics in Business Responsibility and Sustainability Reporting (BRSR) and aligned frameworks such as Global Reporting Initiative (GRI). Strengthening bank M&E centers on standardized indicators, digital beneficiary tracking, partner data protocols, and an evaluation calendar independent of budget cycles to ensure credibility and continuity of evidence.

Difficulties in measuring social impact: Measuring complex social change—financial capability, livelihood resilience, women’s empowerment, learning outcomes—requires longitudinal data, counterfactuals, and mixed-methods tools that many CSR teams and implementing agencies struggle to deploy at scale. Attribution is particularly challenging when multiple interventions and actors operate in the same geography and when macro shocks (such as pandemics) affect outcomes, complicating claims about program-specific impact. International literature cautions that banks often privilege financially material metrics within ESG (Environmental, Social and Governance) management while under-investing in impact materiality and double materiality, limiting accountability for real-world change and fuelling skepticism about “doing well while presuming doing good” without substantiated evidence paths. Pragmatic solutions include theory-of-change mapping for each program, selecting a few high-quality outcome indicators with periodic external verification, and publishing learning narratives- what worked, what did not—to build trust and improve future designs.⁴⁰

Regulatory and reporting challenges: While the Companies Act, 2013 (Section 135) and Schedule VII provide clear spending and eligibility rules, operational complexities persist around treatment of unspent amounts, ongoing project accounting, administrative overhead caps, and CSR-1 registration and due diligence of implementing agencies, creating compliance friction and execution lags. For listed banks, BRSR demands standardized sustainability disclosures beyond CSR spend. However, aligning enterprise systems to produce comparable, assured data across leadership, environmental, and social indicators remains resource-intensive

³⁹ Madras School of Economics. (2023). *Corporate social responsibility of Indian banks: Disclosure and GRI-based indicators*. <https://www.mse.ac.in/wp-content/uploads/2023/10/Working-Paper-245.pdf>

⁴⁰ Institute of Chartered Accountants of India. (2021). *Handbook on audit of CSR activities* (Evaluation approaches, attribution limits, and documentation expectations). <https://csr.icaai.org/wp-content/uploads/2021/01/Handbook-on-Audit-of-CSR-Activities-Final.pdf>

and uneven in quality.⁴¹ Reviews of Indian CSR disclosure practices point to heterogeneity in depth, geographic mapping, and outcome evidence, making cross-bank benchmarking difficult and exposing firms to reputational risk if narratives outpace verifiable results; convergence toward GRI-aligned topic standards and greater external assurance is recommended but not yet universal. The cumulative burden can shift managerial attention toward documentation over innovation, unless banks streamline internal controls and adopt fit-for-purpose data architectures that serve compliance and learning needs.

Coordination issues with Non-Governmental Organizations (NGOs) and implementation partners: Execution capacity and governance standards vary widely across NGOs and intermediaries, leading to mismatches in expectations, timelines, financial controls, and data quality for outcome reporting. Banks often work across multiple states and themes, creating complex portfolios where partner onboarding, milestone-based disbursements, field verification, and beneficiary data protocols must be tightly managed to avoid delays and inconsistent evidence.⁴² Without robust due diligence, standardized reporting templates, and digital tools for progress tracking, coordination failures can erode program quality and credibility, especially when third-party impact assessments depend on accurate, timely partner data. Strengthening partner ecosystems entails prequalified panels, joint capacity-building, ordinary indicator dictionaries, and periodic audits that are supportive rather than punitive, aligning incentives for quality and transparency on both sides.

Overemphasis on compliance rather than innovation: The legal mandate to spend at least two percent of average net profits has professionalized CSR but can unintentionally push banks toward “tick-box” allocation and low-risk, easily reportable activities, crowding out concentrated, innovative pilots that require longer gestation and more rigorous evaluation. Sector analyses urge a shift from many small grants to fewer, larger, high-fit programs tightly aligned with banking levers, financial literacy integrated with product design, green finance with community climate resilience, MSME capacity with credit health—supported by standardized KPIs and independent evaluations to build cumulative, scalable impact. International critics add that ESG management tends to prioritize financial materiality and disclosure optics over impact materiality, creating a gap between portfolio commitments and community outcomes; banks need explicit innovation budgets, sandbox policies, and double-

⁴¹ KPMG in India. (2022). *MCA amends certain rules relating to CSR*. <https://assets.kpmg.com/content/dam/kpmg/in/pdf/2022/10/first-notes-mca-amends-certain-rules-relating-to-corporate-social-responsibility.pdf>

⁴² Institute of Chartered Accountants of India. (2021). *Handbook on audit of CSR activities*. <https://csr.icaai.org/wp-content/uploads/2021/01/Handbook-on-Audit-of-CSR-Activities-Final.pdf>

materiality approaches to reconcile prudent governance with genuine social and environmental progress. Practically, this means dedicating a portion of CSR to experimental designs, publishing null results when relevant, and building cross-functional teams (risk, product, CSR, data) to embed innovation into mainstream banking for durable, measurable change.

Taken together, these challenges-awareness gaps, weak M&E, impact attribution difficulty, compliance complexity, partner coordination frictions, and compliance-first bias-are solvable with disciplined governance and design choices: embed CSR targets in performance management; standardize indicators and data sharing with partners; commission periodic independent evaluations; align disclosures with BRSR and GRI while prioritizing impact evidence; and ring-fence resources for innovation linked to core banking levers so that CSR reliably translates rupees spent into outcomes valued by communities and stakeholders.

VII. SUGGESTIONS AND POLICY RECOMMENDATIONS

Integrate Corporate Social Responsibility (CSR) with business strategy and long-term sustainability goals: Banks should embed CSR into core strategy by linking each CSR theme to a clear theory of change and a business lever-financial inclusion aligned to product design and risk education, rural livelihoods aligned to Micro, Small and Medium Enterprises (MSME) credit ecosystems, and environmental projects aligned to green finance and climate-risk governance-so community impact and prudential goals reinforce each other. Establish Board-approved “CSR–ESG integration maps” that show how CSR programs complement Environmental, Social and Governance (ESG) policies, Business Responsibility and Sustainability Reporting (BRSR) indicators, and risk appetites; review them annually with risk, compliance, product, and analytics leaders to avoid a parallel “donations track” disconnected from intermediation and customer protection. Concentrate resources on fewer, multi-year, high-fit programs rather than many small grants, enabling scale, specialization, and credible measurement; publish medium-term targets (for example, number of women-led enterprises financed post-skilling, hectares under climate-resilient practices) to signal commitment and enable stakeholder scrutiny.

Strengthen impact assessment and reporting mechanisms: Move from activity counts to outcomes using a standard results framework with baselines, targets, and independent verification above thresholds; minimum common Key Performance Indicators (KPIs) should cover reach (beneficiaries), quality (learning gains, enterprise survival), usage (active accounts, digital transaction behaviour), and resilience (income stability, reduced distress borrowing) depending on the program. Establish an evaluation calendar independent of budget cycles and

use third-party assessors for representative samples; share instruments and anonymized microdata where feasible to enhance credibility and sector learning. Align disclosures in annual CSR sections and BRSR with Global Reporting Initiative (GRI) topic standards, indicate data sources and confidence levels, and obtain limited assurance on material indicators to reduce greenwashing risk and enable cross-bank comparability for investors and civil society.

Encourage partnerships with credible Non-Governmental Organizations (NGOs) and local communities: Build a pre-qualified partner panel with due diligence covering governance, financial controls, safeguarding, and data capability; require CSR-1 registration, standardized reporting templates, and geo-tagged evidence as part of onboarding to improve data integrity and timeliness. Institutionalize community co-design: use local needs assessments and participatory planning to tailor interventions (for example, women's enterprise support with child-care provisioning, or financial literacy modules adapted to local languages and occupations), improving uptake and sustainability. Create partner-development compacts that include capacity-building on monitoring and evaluation (M&E), financial management, and data privacy—shifting the relationship from grantor–grantee to performance partners—and adopt milestone-based disbursement tied to verified outputs and outcomes to align incentives.

Promote green financing and environmental responsibility: Link CSR's community-facing environmental projects (water conservation, waste management, urban greening, climate-resilient agriculture) with portfolio-level policies—green loans, transition finance, and sectoral risk standards—and disclose both operational and financed-environmental performance in BRSR. Develop simple, auditable green taxonomies for retail and MSME products (energy-efficient housing, solar for micro-enterprises) and pair credit with advisory and behaviour nudges (for example, energy audits) so CSR awareness translates into product adoption and measurable emissions or resource-use gains. Establish a climate–community dashboard that reports hectares restored, water saved, or emissions avoided alongside loan-book exposure to high-risk sectors; commission periodic external reviews to validate classification and outcomes and to build investor confidence.

Enhance employee involvement and volunteerism in CSR activities: Launch structured employee volunteering with clear roles—financial literacy mentors, school support, pro-bono advisory for MSMEs—and integrate hours and outcomes into performance conversations and recognition programs to build a culture of ethical, service-oriented banking. Equip staff with standardized toolkits (vernacular training decks, digital safety scripts, referral protocols to grievance redressal) and track community outputs and employee development metrics (skills gained, retention correlations) to demonstrate mutual value. Encourage cross-functional squads

(CSR, product, risk, data, operations) to co-own flagship programs, ensuring operational handoffs (from literacy to safe product usage and grievance pathways) that make impact durable and reduce reputational risk.

Increase transparency through digital CSR dashboards and standardized reporting formats: Deploy public-facing CSR dashboards that show projects on a map with budgets, partners, beneficiary reach, outputs, outcomes, and assurance status; include downloadable data dictionaries and anonymized datasets where possible to support external analysis and accountability. Internally, adopt a unified data architecture for CSR and ESG with Application Programming Interface (API) feeds from partners and field verification apps to minimize reporting lag and error; align metadata with BRSR and GRI to avoid duplicative efforts and improve auditability. Publish methodologies, sampling frames, and limitations alongside results, and commit to periodic restatements if measurement improves. Transparency about uncertainty builds trust and deters inflated claims.

Government of India and Reserve Bank of India (RBI) support for sustainable banking initiatives: At the policy level, consider standardized CSR outcome templates by theme (education, health, livelihoods, environment, inclusion) to complement Schedule VII and improve comparability; encourage pooled platforms where banks co-fund multi-district programs with shared M&E and independent evaluation to reduce fragmentation and overheads. Strengthen the Business Responsibility and Sustainability Reporting regime through phased assurance expectations on material indicators and harmonization with global frameworks, while supporting capacity-building for smaller banks and NGOs to meet data quality thresholds; expand the National CSR portal to include normalized outcome indicators in addition to spend and thematic tags. From the RBI side, continue integrating sustainable finance with prudential and conduct norms—issuance of practical guidance on climate risk scenario analysis for loan books, green taxonomy alignment, and fair lending in digital inclusion—so responsible intermediation and portfolio shifts reinforce CSR community gains; consider regulatory sandboxes that let banks pilot green and inclusion-linked products with embedded impact measurement, accelerating the translation of CSR insights into scalable financial solutions.

VIII. CONCLUSION

This study set out to examine Corporate Social Responsibility in Indian banking through a comparative lens, analysing how public sector banks and private sector banks design, finance, disclose, and evaluate their CSR portfolios across core themes such as financial inclusion and literacy, rural development and women empowerment, environmental sustainability and green

banking, and health and education initiatives, within India's legal mandate under the Companies Act, 2013 and the evolving sustainability disclosure ecosystem. The evidence synthesized across sector mappings and comparative case materials indicates broad adherence to the two percent profit-linked CSR requirement, steady institutionalization of Board-level CSR governance, and a visible shift from donation-oriented activity to programmatic, multi-year initiatives, albeit with persistent variation in measurement depth, geographic balance, and external assurance across institutions. These patterns suggest that CSR has matured into an integral, though still uneven, pillar of responsible banking in India, increasingly aligned with Business Responsibility and Sustainability Reporting and stakeholder expectations for decision-useful transparency.

A central insight is that CSR functions most effectively as a strategic tool in modern banking when it is tightly integrated with core intermediation levers and Environmental, Social, and Governance governance, rather than treated as a parallel philanthropy track. Banks that align financial inclusion and literacy programs with product design, grievance redressal, borrower risk education, or connect green community projects to green finance and transition policies tend to achieve clearer, durable outcomes while reinforcing prudential goals and brand trust. International and domestic research reinforce this strategic role: credible CSR is associated with stronger stakeholder trust and, in several contexts, with improvements in perceived value and operating expectations; however, the strength and causality of financial benefits vary, and reputational gains are contingent on impact credibility rather than spend volume alone. The strategic arc, therefore, runs from compliance to concentration and coherence: fewer, larger, high-fit programs with baseline/endline metrics, validated outcomes, and explicit links to risk, product, and customer protection.

The comparative analysis also shows that public and private sector banks contribute significantly to social development, though their emphasis differs. Public sector banks, reflecting their developmental mandate and rural reach, allocate larger shares to rural development, education, sanitation, and foundational health services, leveraging extensive branch networks and local partnerships. Private sector banks often foreground innovation, environmental stewardship, livelihoods platforms, and digital inclusion, embedding CSR within broader ESG strategies and offering relatively granular reporting on program architecture and outputs. Over time, these emphases have begun to converge: public banks are professionalizing measurement and reporting, while private banks are expanding inclusion and livelihood initiatives with sharper outcome narratives, leading to a shared sectoral movement toward outcome orientation and comparability.

For policymakers, the implications include encouraging standardized outcome templates by theme to complement Schedule VII, fostering pooled, multi-bank platforms with shared monitoring and evaluation and independent impact assessments, and progressively strengthening assurance expectations for material indicators under Business Responsibility and Sustainability Reporting so that disclosures are comparable, auditable, and helpful to investors and civil society. For banks, the roadmap is to integrate CSR with strategy and risk; concentrate programs where the bank's competencies are strongest; codify partner due diligence, data protocols, and evaluation calendars; and publish transparent dashboards that report not just rupees spent and people reached, but changes in capability, usage, and resilience. For society, a more outcome-credible CSR regime can channel capital, managerial expertise, and local collaboration into scalable solutions for inclusion, livelihoods, environmental resilience, and human development, while improving accountability to beneficiaries through open data and beneficiary voice.
