

Corporate Social Responsibility (CSR) and Sustainable Business Practices in Indian Banking Sector

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ABSTRACT

The study critically explored integration of Corporate Social Responsibility (CSR) and the sustainable business strategies for the Indian banking sector. The introduction chapter outlined the research background, rationale, aims and objectives. This emphasised the growing importance of sustainable finance. The literature review evaluated global and national perspectives on CSR and identified best practices highlighting key implementation barriers. The methodology chapter adopted an interpretivist philosophy with the qualitative strategy, using secondary data and thematic analysis for drawing insights. The findings chapter revealed that Indian banks comply with the mandated CSR spending. This visualised true strategic integration within core operations was limited. Banks have aligned partially with national and global sustainability frameworks but faced challenges. This involved issues such as inconsistent reporting, symbolic CSR practices and lack of expertise. The discussion linked these findings to the study objectives while offering practical recommendations. This included leadership commitment, standardised reporting and ESG integration. The study concluded that deeper strategic attributes were vital for long-term sustainable banking transformation.

Keywords:- Corporate Social Responsibility, Sustainable Banking, Indian Banking Sector, ESG integration, CSR practices.

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I. INTRODUCTION

1.1 Research Background

The Indian banking sector has increasingly integrated Corporate social responsibility and sustainable practices. This followed Companies Act, 2013, mandating 2% of net profits towards CSR. As per Batra and Bahri (2025), banks contributed huge amount to CSR between 2014–2022. There are inconsistencies in CSR integration with varied banks treating it as peripheral rather than strategic. The sustainability disclosures rising, most of top banks publish ESG reports but implementation generally lacks depth (Batra and Bahri, 2025). This is visualised on green lending and financial inclusion. This exposed gap between policy commitments along with actionable sustainability.

1.2 Research Rationale

The research is essential for evaluating how the Indian banks have translates CSR policies into meaningful sustainable practices. The rising stakeholder expectations and global ESG benchmarks, assessed the depth and impact of CSR initiatives. Identification of gaps between compliance and genuine sustainability integration will help inform policy reforms and strategic shifts. This ensured banking sector contributing effectively towards India's inclusive and environmental responsible economic growth.

1.3 Aims and Objectives

Aim: The aim of the study is to evaluate the role of Corporate Social Responsibility (CSR) and sustainable business practices within the Indian banking sector. The focus will be visualised on the implementation and alignment with long-term sustainability goals.

Objectives:

- To analyse current CSR policies and sustainability initiatives adopted by major Indian banks.
- To evaluate the initiatives aligning with national and global sustainability frameworks.
- To investigate key challenges and barriers faced by banks in implementation of effective CSR and sustainable practices.
- To recommend strategic approaches for enhancing the integration of CSR into core banking operations.

1.4 Research Questions

- What are the current CSR policies and sustainability initiatives adopted by major Indian banks?
- What are the initiatives aligning with national and global sustainability frameworks?
- What are the key challenges and barriers faced by banks in implementation of effective CSR and sustainable practices?
- What are the strategic approaches for enhancing the integration of CSR into core banking operations?

II. LITERATURE REVIEW

2.1 Introduction

Corporate Social Responsibility (CSR) and sustainable practices have gained significant traction within the global banking sector (Li, Trinh and Elnahass, 2023). This is driven through regulatory pressures, stakeholder expectations and growing importance of Environmental, Social and Governance (ESG) metrics. Banks in the global market are transitioning from profit-centric models towards more socially responsible frameworks (Huang, 2024). This integrated sustainability into core operations such as lending, investment and risk management. Literature from the developed economies such as the UK, USA and EU. This have highlighted how the strategic CSR enhances reputation, mitigates risk and integrates long-term profitability. The critical studies further revealed challenges in authenticity, greenwashing and inconsistent reporting standards.

2.2 Current CSR policies and sustainability initiatives adopted by global banks

Global banks have adopted the diverse CSR policies and sustainability initiatives, through total consistency. As per Figueiredo (2023), leading banks such as HSBC and BNP Paribas incorporate sustainability strategies through assessing environmental risks but prioritise profitability over genuine impact. Kuhn (2022) argued that while Deutsche Bank promotes green bonds and ESG investing, the involvement in controversial industries exposed the contradictions. CSR disclosures by Barclays and Citibank frequently lacks transparency and measurable outcomes. This has led to generation of concerns for greenwashing. JPMorgan Chase have invested billion clean finance commitment but the question is visualised for moves being strategic branding rather than the systemic change.

2.3 Initiatives aligning with national and global sustainability frameworks

Many global banks claim alignment with national and international sustainability frameworks but argument is identified for alignment is generally superficial. UN Principles for Responsible Banking and SDGs have been endorsed through major institutions such as ING and Standard Chartered. The issues have been visualised for actual operational changes remaining highly minimal. As per Riaño et al. (2022), banks generally adopt the SDG goals for enhancement of the market appeal while neglecting the demanding systemic shifts. This generally diverts the views for social issues such as reduction of inequality. Riaño et al. (2022) highlighted that frameworks such as the Equator Principles aims at standardization of ethical lending. The enforcement is weak and banks self-regulate with the attributes for little accountability. The

formal adherence to the frameworks has been increasing. The researchers visualised that integration into core strategies is limited, serving reputational purposes rather than transformative sustainability.

2.4 Key challenges faced for implementation of effective CSR

The implementation of effective CSR and sustainable practices within global banking faces varied critical challenges. As per Cerrato Garcia (2024), the major barrier has been the conflict between the short-term financial performance pressures and long-term sustainable goals. Banks generally prioritise the shareholder returns while limiting investment within transformative CSR. Gricevičs (2024) argued that lack of expertise and institutional frameworks hampers the meaningful implementation. As per Cerrato Garcia (2024) the inconsistency is visualised in CSR standards across the jurisdictions while leading to fragmented efforts and regulatory arbitrage. Many banks in the global market engages in symbolic CSR that prioritises image management over the substantive change in case of reputational concerns. The studies collectively indicated that without the stronger governance and clearer metrics along with shift in organisational culture.

2.5 Literature Gap

There has been extensive research on CSR within the global banking but significant gaps related to strategic development is visualised. Most studies focus on disclosures and reputational outcomes, with limited analysis of on-ground impact and long-term effectiveness. There has been the lack of research within the Indian banking sector. Only few studies have critically assessed the internal organisational dynamics restricting CSR integration within Indian banking institutions.

2.6 Summary

The chapter critically reviewed global literature on CSR and sustainable banking, highlighting the key initiatives and the implementation challenges. Banks visualised commitment to sustainability but compliance and greenwashing is visualised. The literature gaps pointed need for deeper and impact-focused research in Indian market.

III. RESEARCH METHODOLOGY

3.1 Research Philosophy

The study had adopted an interpretivist research philosophy, while emphasising the understanding of subjective meanings and social attributes of CSR practices in banking. Interpretivism is vital

for exploration of how Indian banks develop and communicate their CSR initiatives. As per the views of Firdaus, Zulfadilla and Caniago (2021), this allowed for in-depth interpretation of qualitative data. It enabled researcher for critical analysis of how various banks perceive and apply sustainability within complex financial and ethical environments.

3.2 Research Strategy

The qualitative research strategy was employed for exploring CSR and sustainable practices within the banking sector. The approach allowed for deeper understanding of values, intentions and complexities within Indian bank CSR strategies. Qualitative research was suitable for critical interpretation of policy documents, reports and expert opinions (Mishra and Alok, 2022). It provided flexibility for analysing various perspectives and reveal hidden meanings and patterns masked through quantitative attributes.

3.3 Data Collection

The research had relied on secondary data sources that included peer-reviewed journal and reputable websites such as official pages of Indian banks. Google Scholar was the primary academic database that was used for sourcing the scholarly work. Reports have been developed for CSR and ESG that has been reviewed effectively by the researcher. As per Gupta and Gupta (2022), the method has ensured access to credible, high-quality information necessary for the critical and comprehensive analysis of the global banking CSR initiatives.

3.4 Data Analysis

Thematic analysis was employed for identification and interpretation of patterns using the secondary data. The method involved coding the data while categorising the same into recurring themes. This have visualised the CSR implementation issues, alignment with global frameworks along with the stakeholder perceptions. Thematic analysis has been well-suited for interpretivism studies for allowing the deep engagement with data (Gupta and Gupta, 2022). The process has been relevant for identification of proper understanding about the complex CSR dynamics across Indian banking sector and regulatory environments.

3.5 Ethical Considerations

The research uses only secondary data where the ethical considerations was important. The sources have been properly cited for ensuring academic integrity and avoiding plagiarism. Care

was taken for using credible, publicly available information and avoiding misrepresentation or bias within interpretation. The research further respected the intellectual property rights and ensuring transparency in the data selection and analysis. No personal and sensitive data was used while maintaining compliance with ethical standards.

3.6 Methodological Limitations

The study was limited through the reliance on secondary data, which might lack real-time insights while omitting the internal organisational perspectives. The qualitative focus might also introduce the subjective interpretation. The research was constrained through availability and transparency of the CSR reports. This might vary in depth and accuracy across banks. Primary data could have provided richer and first-hand insights.

IV. FINDINGS, ANALYSIS AND DISCUSSION

4.1 Introduction

The chapter have presented the findings, analysis and discussion for the CSR and sustainable business practices within the Indian banking sector. It has critically examined how the banks implement the CSR initiatives, evaluating the alignment with the sustainability goals. This have explored the key challenges through interpreting trends, patterns and behaviours within the Indian banking sector.

4.2 Theme 1: CSR policies and sustainability initiatives adopted by major Indian banks

The major Indian banks have integrated various Corporate Social Responsibility (CSR) policies and sustainability initiatives. This is primarily influenced through the regulatory requirements visualised in Section 135 of the Companies Act, 2013 (Legalglobal.com, 2024). As per the Ministry of Corporate Affairs, organisations in India have been mandated for submitting the comprehensive reports on the CSR activities through Form CSR-2 (Legalglobal.com, 2024). The enhancement of transparency and accountability has been relevant. State Bank of India (SBI) allocated ₹ 204.10 crore for the CSR activities in the FY 2021–22, with ₹ 102.56 crore directed towards the SBI Foundation (SBI, 2024). The attributes for significant portion of such funds targeted areas such as rural development and healthcare. The attributes for the environmental sustainability have received comparatively less emphasis.

HDFC Bank have incorporated Environmental, Social and Governance (ESG) considerations within the risk assessment process for wholesale banking loans exceeding ₹ 100

crore (Dutta,2024, September 15). Despite this, the tangible impact for such assessments for promotion of sustainable finance needs to be critically analysed. ICICI Bank published an annual ESG report detailing the commitment towards sustainability (ICICI Bank, 2024). Nonetheless, the depth and effectiveness of such disclosures are subjects of scrutiny. This often lacks the third-party verification while raising questions about the credibility.

While the initiatives indicated move towards the integration of sustainability within the Indian banking sector, where the overall approach appears fragmented. The emphasis is highly skewed towards the compliance rather than the overall strategic integration of CSR. It has been visualised within the banking operations. This revealed need for more cohesive and impactful commitment towards the sustainable development.

4.3 Theme 2: Initiatives aligning with national and global sustainability frameworks

Indian banks have increasingly aligned the Corporate Social Responsibility (CSR) initiatives with the national and global sustainability frameworks. The attributes are visualised specifically for the United Nations Sustainable Development Goals (SDGs). The Indian government have further integrated SDGs into the national development agenda. This encouraged the corporations such as banks for contributing towards the goals.

Regulatory bodies have introduced frameworks for facilitation of this alignment. The Reserve Bank of India (RBI) released the draft guidelines based on the "Disclosure Framework on Climate-Related Financial Risks", aiming at mainstreaming the climate risk assessment (Chakravarty et al., 2024). The process also visualised reports in the financial sector. This initiative aligned with the global standards such as the Task Force on Climate-related Financial Disclosures (Chakravarty et al., 2024).

Despite such efforts, the identification of challenges has been relevant in the process. A study analysed the sustainability reports from 34 Indian banks between 2015–16 and 2022–23 (Rajawat and Mahajan, 2024). This found significant variability within the reporting quality. This has indicated the inconsistencies for aligning with the sustainability frameworks (Rajawat and Mahajan, 2024). The absence of the clear climate finance taxonomy and inconsistent disclosures restrict the full potential. It has been visualised in case of the green finance initiatives (Rajawat and Mahajan, 2024). The Indian banks have made strides for aligning CSR initiatives using the sustainability frameworks. The process further visualises the depth and consistency of such efforts vary. Enhanced regulatory clarity and standardised reporting are essential for

ensuring meaningful contributions. This is relevant towards achievement of the sustainability goals.

4.4 Theme 3: Key challenges faced by Indian banks in implementing effective CSR and sustainable practices

Implementation of the effective Corporate Social Responsibility (CSR) along with the sustainable practices have presented several challenges for Indian banks. The significant barrier is the core conflict between short-term financial goals and the long-term sustainability objectives. The attributes lead to the preference in case of immediate profits over enduring social and the environmental benefits. The absence of the standardised CSR reporting frameworks that results in inconsistent disclosures. The process complicates the assessment along with comparison of the sustainability efforts visualised across the banking sector (Aithal, 2021). Many banks might lack the relevant attributes, necessary expertise and dedicated resources. In such case, the development and execution of the comprehensive CSR strategies is visualised as a complexity. The process leads to restrictions about the integration of sustainability within the core business operations. Regulatory pressures further play a crucial role while the compliance with government-mandated CSR spending is required. The banks generally view these obligations as the mere formalities rather than the opportunities for strategical engagement. The prevalence of the symbolic CSR activities has been relevant and aimed more at enhancement of the public image than impacting the substantial change. This have undermined the credibility along with effectiveness of such initiatives. Addressing such challenges requires attributes for strategic shift towards the embedding sustainability within the organisational culture. The process adopts the uniform reporting standards along with investing in the necessary capabilities for driving the impactful CSR programs.

4.5 Theme 4: Strategic approaches for enhancing integration of CSR into core banking operations

Integration of Corporate Social Responsibility (CSR) within the core banking operations requires approach for aligning social and environmental objectives with business goals. One relevant strategy is integration of CSR within the bank's core business activities (Sharma and Sathish, 2022). This promotes offering financial products for promotion of the social welfare. Certain banks have developed specific CSR plans for increasing the financial access. Such

attributes integrate the social responsibility with that of the primary operations (Jain and Jamali, 2017).

Leadership commitment is highly crucial for the successful integration of the business values. The top management prioritises CSR and becomes the strategic attribute for aligning the strategical focus with that of the beneficiary needs. The commitment further ensures that the CSR initiatives are not peripheral but central towards the bank's mission. Furthermore, the application of the Environmental, Social and Governance (ESG) considerations within the CSR initiatives maximises business value and impact. Engagement in the discussions and panels based on the integration of ESG in CSR is relevant (Jain and Jamali, 2017). This is visualised for events organised by industry leaders that highlights importance of this approach. The evaluation of the CSR initiatives within the banking sector further emphasised the need for alignment between the CSR activities and bank's core business strategy visualised for long-term success (Aithal, 2021). The process requires strategical and cohesive approach for CSR to be integrated into business model.

4.6 Summary

The chapter critically analysed and examined CSR and sustainability landscape within the Indian banking sector. It analysed current initiatives, alignment with global frameworks, challenges in integration and strategic approaches for integration. The key findings indicated regulatory compliance in driving CSR. A lack of strategic alignment and standardised practices impacts the overall effectiveness. The leadership commitment and ESG integration is visualised as crucial enablers. The chapter highlighted gaps within consistent reporting and impact measurement.

V. CONCLUSION

5.1 Linking with the objectives

The chapter highlights how the objective was successfully aligned as per the research objectives. This revealed the ability of the researcher to meet the developed objectives effectively by the end of the study.

The first objective has assessed the current CSR and sustainability practices of major Indian banks. The study visualised high level of regulatory-driven engagement, with banks such as SBI and ICICI reporting the substantial CSR spends. The emphasis is visualised on compliance rather than the innovation or impact while fulfilling first objective.

Secondly, the research has explored how the banks align with the national and global sustainability frameworks in case of SDGs and RBI's ESG guidelines. It has revealed partial alignment while limiting to reporting of obligations, supporting the second objective.

Thirdly, the study addressed the challenges within CSR implementation while highlighting issues such as fragmented strategies. It also visualised lack of skilled CSR professional, directly addressing the third objective.

Lastly, the study evaluated the strategic approaches visualised for CSR integration into the core operations visualising some banks begun embedding ESG into the risk assessments and credit policies. This links to the fourth objective through visualisation of path forward but also need for stronger institutional commitment.

5.2 Recommendations

The enhancement of integration and impact of CSR and sustainability within the Indian banking sector supported the strategic recommendations. The banks should shift from compliance-driven CSR towards the purpose-driven strategies. It is visualised through integration of sustainability into the core operations. This involves the credit risk assessment and green financing. Secondly, the standardisation of CSR reporting through the independent audits and adopting global frameworks such as GRI will improve transparency and comparability. The leadership commitment and values need to be strengthened through assigning the CSR responsibilities at board level. The attributes need to be developed through aligning executive incentives with the sustainability outcomes. The capacity-building initiatives focuses on staff training based on ESG principles and stakeholder engagement practices. This should be prioritised for bridging the knowledge gaps. Collaboration with the NGOs and local communities further enhances the social impact of CSR programmes. The integration of technology in case of CSR monitoring and impact assessment help banks track the long-term outcomes along with implying accountability. The steps will support a more strategic along with the impactful CSR framework.

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