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## SOCIAL IMPACT OF CORPORATE SOCIAL RESPONSIBILITIES ON THE BANKING SECTOR

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### ABSTRACT

The purpose of this research paper is to investigate the impact on society of the adoption of corporate social responsibility by the banking industry. The term "social responsibility of business" refers to the actions taken by companies and how such actions benefit society. Other names for the concept of corporate social responsibility include "corporate conscience" and "responsible business." This research study makes use of secondary data for its foundation. These days, corporate society is displaying a great deal of relevance in the business world, which includes the banking sector and financial institutions. These days, corporate social responsibility has evolved into a field that every nation must prioritise. Banks, after realising the significance of corporate social responsibility, have begun implementing social and environmental initiatives that are both beneficial to the banks and to society. CSR, or corporate social responsibility, refers to the business practises that corporations use in order to run their operations in a manner that is not only ethical but also helpful to society in terms of financial success.

### INTRODUCTION

Banks play an important role in Indian economics by offering various services to people. Banks also play an important role in the financial sector like helping people who want to start a business or expand a business. Banks play a fundamental role in society, such as banks serve and support all types of customers.

The Indian banks plan and implement several programs such as Educational support, Rural development, Vocational training for unemployed, Exhibition- Physically Challenged people,

Free Day Care center, Model Villages etc. The Indian banks are also participating in a variety of health-related activities, such as the Blood Donation Campaign, the Cancer Awareness Campaign, the Medical Camps/Eye Camps, the Provision of Vehicles to Schools for Children with Disabilities, and the Provision of Support to HIV/AIDS Awareness Programmers in Schools and Villages. Awards for corporate social responsibility are being given out by the Indian government and the RBI. These awards include the Global CSR Awards, the Golden Peacock Award for CSR, and Asia's Best CSR Practices Awards.

The notion of "Corporate Social Responsibility," often known as "CSR," refers to the rising concerns for "sustainable development," "environmental performance," and "pollution control and management of natural resources given broad awareness," among other things. Other names for corporate social responsibility include corporate conscience, corporate citizenship, sustainable responsible business, and Responsible Business. Building client trust and loyalty on the basis of specific ethical principles may be facilitated through CSR. Only banks who operate according to the CSR strategy will have their taxes lowered by the government.

CSR goes a long way toward creating a favourable image for any bank, which involves doing something for society, stakeholders, and customers to enhance the bank's business and also secure its continued success over the long term. CSR is an essential component in the process of building client loyalty to your business.

## LITERATURE REVIEW

Emel Esen (2013), in his research paper entitled "The Influence of Corporate Social Responsibility (CSR) Activities on Building Corporate Reputation", he observed that in business environment for shareholders, corporate social responsibility is become series issue to solve. The aim of researcher is to find out relationship between CSR and corporate reputation and its role. He also conclude their research information is really useful of managers and directors because they plays an important role in any business sector.

**Eliza Sharma and Dr. Mukta Mani (2013)**, They found that India banks are putting effort into CSR in their study paper "Corporate social responsibility: An examination of Indian commercial banks." The community welfare and farmer welfare projects have been prioritised by Indian banks. In comparison to commercial banks, public sector banks contribute the most to CSR initiatives. The private sector and international banks continue to struggle in this area.

**Deepika Dhingra and Rama Mittal (2014)**, they found that most banks use corporate social responsibility as a marketing technique in their study paper "CSR Practices in Indian Banking Sector." Many banks are making minor CSR efforts in tangential ways, such as donating to charity trusts and NGOs, sponsoring events or programmes, and so on. Only a few of institutions have a well-defined CSR concept. Employee training is provided by a number of banks.

**Dong-young Kim and JeongYeon Kim (2014)**, in their research paper entitled "Effects of Corporate Social Responsibility and Governance on Its Credit Ratings", they observed that Corporate social responsibility and governance both factors have significant effect. The research results also show that nonfinancial information have effects on corporate credit rating. The investment on personal data protection is an example of CSR/CGI activities. These example positive effects on corporate credit ratings.

**Mrs.V. Carolin Juliya Pushpam, Dr.R. Karthi, and Ms.B. Asha Daisy (2015)**, in their research paper entitled "Corporate Social Responsibility of Banks in India", they observed that many banks are false report of banks and there are only few banks who are making correct report. Corporate social responsibility (CSR) is a topical and strategic practice for any business. The main purpose of researcher is to study the CSR) activities carried by Indian banking sector.

**Marian Mocana, Simona Rusa, Anca Draghicia, Larisa Ivascua, Attila Turia (2015)**, in their research paper entitled "Impact of Corporate Social Responsibility Practices on The Banking Industry in Romania", they studied about various CSR practices in Romania. The activities in Romania is increasingly reliant for environment and society. There activities are increasing business of banking sector. The CSR providing number of benefits to business sector. CSR banking system providing opportunities and giving benefits which includes economic efficiency, improve company reputation, get employee loyalty, communication between the banking industry and society become easy, attracting new customers and increase organizational commitment.

**Nidhi (2016)**, in her research paper entitled "Corporate social responsibilities in Indian banking industry: study on attempts of HDFC bank", she observed that nowadays all banks in India are focused on social responsibility of banking sector. The researcher study about HDFC bank and banks efforts. She observed that HDFC bank are giving importance to social

responsibility and focusing on health, education, and sanitation, etc. Indian banks are changing their mind towards corporate social responsibility due to competition with International level.

**Anita Sharma and Dr. Ashok Panigrahi (2016)**, they noticed that to accept responsible social responsibility is a goal-oriented notion for the company's activities in their study paper "CSR in Indian Banks and Financial Institutions." Banks are attempting to have a beneficial influence on the environment, communities, customers, workers, stakeholders, and many other members of the public sphere via a variety of initiatives.

**Muhammed Juman. B K and Dr. J Christopher (2016)**, in there research paper entitled "Corporate social responsibility: An analysis of Indian Banks", they observed that, in Indian economy banks plays an important role in the development and growth for country. CSR contribution is very important factor for income and size of banks. CSR is important concept society. The researcher defined CSR as an integration of ethical, social, technical, economic, environmental and legal expectation of society from business organization.

**Rajul Dutt and Himani Grewal (2018)**, in there research paper entitled "Corporate Social Responsibility (CSR) in Indian Banking Sector: An Empirical Study on State Bank of India Limited", they observed that banks play an important role in any country for financial improvement. The research conclude that SBI bank are giving outstanding performance as managing relationship between organization and society. The banks are focusing area under CSR such as time to time sanitation, skill development, livelihood creation sector, education sector, sports sector, environment protection etc.

**Zainab Al Mubarak, Muneer Al Mubarak, & Anji Benhamed (2018)**, in there research paper entitled "Impact of corporate social responsibility on bank's corporate image", they observed that CSR has become important part in business sector, they are trying to increase profit and function of business, which create positive impact on society. The businesses are also providing to society a various employment opportunities, sponsorship to education etc. The CSR mainly focus on economic, legal, and ethical components.

**Antonio Lorena (2018)**, in there research paper entitled "The Relation between Corporate Social Responsibility and Bank Reputation: A Review and Roadmap", they study and analyze the relationship between CSR and bank sector. CSR promotes several competitive

advantages and most important it provides reputation to bank which help to get customer loyalty and attract new customers. Because of this banks are giving greater attention in CSR and bank relationship.

## **OBJECTIVE**

- To study the concept of corporate social responsibility.
- To study the corporate social responsibilities by Indian banks.
- To study the influence of CSR on society.
- To study the opportunities and challenges for CSR activities.

## **METHODOLOGY**

The present research paper is based on secondary data. The data was collect from different research papers, banks websites, books and news articles. The research paper focused on CSR influence on banking sector.

## **BANKS IN INDIA:**

In India there are 27 public sector banks. From 27 public sector banks 21 banks belongs to Nationalized bank and 6 belongs to State bank group. There are 45 foreign private sector bank, and this foreign bank are supporting Indian banking system. Some Indian banks are described below:

- HDFC Bank
- State Bank of India
- ICICI Bank
- Axis Bank
- Kotak Mahindra Bank
- IndusInd Bank
- Yes Bank
- Punjab National Bank
- Bank Of Baroda
- Bank Of India

### **1. HDFC Bank**

The HDFC bank is a private organisation that operates in the financial services sector of the economy. The bank was established in 1994, and its current headquarters can be found in Mumbai, which is located in India. HDFC bank is a financial institution that offers a variety

of products and services, including credit cards, consumer banking, investment banking, mortgage loans, private banking, private equity, and wealth management, amongst others. In the year 2000, HDFC bank and Times bank combined into one institution.

The CSR Committee has begun to select, carry out, and monitor CSR initiatives, as well as provides assistance to the Board, with the goals of achieving corporate social responsibility objectives and achieving the desired outcome. In the fiscal year 2018-2019, the private sector bank HDFC Bank Limited allocated a total of Rs 535.31 crore to support a variety of Corporate Social Responsibility (CSR) initiatives.

## **2. State Bank of India (SBI)**

The SBI Bank is a company that is traded on public markets (Government of India). Although the headquarters of this bank may be found in Mumbai, the bank's services can be found in locations all over the world. This financial institution provides its customers with a variety of banking options, including consumer banking, corporate banking, finance and insurance, investment banking, mortgage loans, private banking, private equity, savings, securities, asset management, wealth management, credit cards, and other financial products and services.

Millions of underprivileged people who are in need of help are seeing their quality of life significantly improve as a result of the activities that banks engage in as part of their corporate social responsibility programmes. The key emphasis of the bank's corporate social responsibility (CSR) projects are healthcare centres, education, livelihood, skill development, environmental conservation of national heritage, empowerment of women, youth, and older persons, and many other areas. One percent of the State Bank of India's profits will go toward the bank's commitment to social and environmental responsibility. 2015 saw the beginning of operations for the SBI Foundation, which was founded for the express purpose of carrying out the corporate social responsibility activities of the SBI Group. In addition, the State Bank of India (SBI) made a contribution to the CSR pledges that were made in 2019 in the amount of Rs. 27.47 crore.

## **3. ICICI Bank**

The ICICI bank is an example of a business that belongs to the private sector. Since its founding in 1994, this financial institution has called Mumbai, India, home to its main office. The bank provides a comprehensive range of financial goods and services, such as credit

cards, consumer banking, corporate banking, finance and insurance, investment banking, mortgage loans, private banking, wealth management, personal loans, payment solutions, and many more.

The bank has allocated 2.1 percent of its average net profit during the last three fiscal years, which concluded in March 2017, March 2018, and March 2019, to projects that are connected to corporate social responsibility. These fiscal years ended in March 2017, March 2018, and March 2019. The expenditures that the bank makes in the name of corporate social responsibility (CSR) during the year 2020 will be focused on skill development programmes such as livelihoods, activities related to rural development, providing a contribution to the Chief Minister's disaster relief fund in states that have been impacted by floods, awareness campaigns on social issues, promoting hygiene, protecting the environment, and other activities of this nature.

#### **4. Axis National Bank**

The Axis Bank is seen as belonging to the private sector of the economy. 1993 was the year that saw the launch of the first branch of the bank. Credit cards, consumer banking, corporate banking, finance and insurance, investment banking, mortgage loans, private banking, private equity, and wealth management are just some of the services that the bank makes available to its clients.

The primary goal of the corporate social responsibility (CSR) concept of the Bank is to have an effect that is both quantifiable and significant on the lives of people who live in places that face challenges physically and economically, as well as socially. The operations of the Bank's Corporate Social Responsibility department are carried out via direct programmer implementation by the Bank and its implementation partners, through ABF, and by making direct contributions to any Schedule VII Fund established by the Government. The CSR Committee serves as the main entity that advises the Bank on how to carry out its responsibilities regarding CSR Projects. The Board of Directors of the Bank has discussed and given its approval to the functions and responsibilities of the CSR Committee.

#### **5. Kotak Mahindra Bank**

The Kotak Mahindra bank is considered to be part of the private sector. The bank was established in February of 2003 and has its headquarters in the city of Mumbai. The bank offers a wide variety of financial products and services, including credit cards, life insurance,

mutual funds, auto financing, securities, institutional equities, investment banking, international business, kotak private equity, kotak realty fund, and wealth management, amongst others.

In India, corporate social responsibility has progressed through a number of stages, including social community participation, socially responsible production, and employee relations. Education, enhancing vocational skills and livelihood, healthcare and sanitation, reducing inequalities faced by social and economic backward groups, sustainable development, relief and rehabilitation, clean India, sports, and other activities are some of the focus areas for Kotak's Corporate Social Responsibility (CSR) policies. Both directly and via third-party implementation organisations, banks are now participating in corporate social responsibility (CSR) programmes.

## **6. IndusInd Bank**

IndusInd Bank comes under private sector. The bank's headquarter is in Pune and bank was founded in 1994. The bank are providing services like Credit cards, Car Loan, Gold Loan, Wealth management, Home Loan, Loan against Property etc. IndusInd Bank is the first new-generation private banks in India.

IndusInd Bank believe that 'Good Ecology is Good Economics'. The main focus of IndusInd Bank's CSR are Environment, Education, Livelihood, Healthcare and Sports etc. The Bank's CSR team, spending their lot of time and effort for monitoring and evaluating the true potential of initiatives.

## **7. Yes Bank**

The Yes Bank is considered to be part of the private sector. The bank's headquarters are located in Mumbai, and it first opened its doors in 2004. The bank offers a variety of services, including Digital Banking, Investment Banking Solutions, Yes Property Purchase Credit Cards, Yes First Corporate Credit Cards, Loans, Surplus and Investments, Debt Capital Markets, and more.

Livelihood and Water Security, Employability and Entrepreneurship, Environmental Sustainability and Social Transformation were some of the major areas that Yes Bank was concentrating on. Bank is approaching towards Corporate Social Responsibility, through

fulfil CSR objectives such as promote, invest, engage, collaborate, and monitoring these areas.

## **8. Punjab National Bank**

The Punjab National Bank is considered to be part of the public sector. New Delhi is the location of the bank's headquarters, and the bank itself was established in April of 1895. Customers may take use of a wide range of offerings from the financial institution, such as credit cards, consumer banking, corporate banking, finance and insurance, investment banking, mortgage loans, private banking, private equity, and wealth management, to name just a few.

Financial inclusion, health programmes, education and vocational training, insurance awareness campaigns, disaster relief and rehabilitation operations, and other such endeavours are the focal points of PNB MetLife's corporate social responsibility (CSR) strategy. In order to get their CSR project off the ground, the bank collaborated with two other banks' distributors: Jammu and Kashmir Bank Limited (JKB) and Karnataka Bank Limited (KBL). The primary motivation for coming together was to help disadvantaged youngsters further their education and achieve their potential.

## **9. Bank of Baroda**

It is generally agreed that the Bank of Baroda belongs to the public sector. The bank's headquarters can be found in Vadodara, and it first opened its doors for business in July of 1908. The bank provides its clients with a wide range of services, some of which include credit cards, consumer banking, corporate banking, finance and insurance, investment banking, mortgage loans, private banking, private equity, and wealth management.

The Bank of Baroda is engaged in several CSR initiatives by partnering with organisations that are known as RSETIs (Rural Self Employment Training Institutes) and FLCCs (Financial Literacy and Credit Counseling Centers). Donations and contributions to the socioeconomic development of certain areas are considered to be CSR activities. These contributions and donations can take the form of skill development programmes for youth, health care, sanitation, drinking water facilities, education, women's empowerment, social welfare, economic development, and promotion of digital payment. Among the actions that fall under the CSR umbrella is the promotion of digital payment methods.

## **10. Bank of India**

The Bank of India is considered part of the public sector. The banking institution first opened its doors in September of 1906 and has its headquarters in Mumbai. The financial institution offers a wide variety of services, including Commercial Banking, Retail Banking, Private Banking, Asset Management, Mortgages, Credit Cards, and so on.

CSR initiatives on the part of banks are providing facilities such as construction of toilets for schools and public places under the Swacch Bharat Abhiyan programme, solar street lights and hand pump sets in rural areas, support for orphaned children, and skill development training programmes for people from SC, ST, and OBC communities, among other things.

## **FINDINGS**

1. The objective of HDFC bank is to contribute to the economic and social growth of the community; in order to accomplish this purpose, they use the CSR policy of HDFC bank. In addition to this, they are assisting members of society who are disadvantaged physically, socially, and financially.
2. The areas of healthcare, education, livelihood, skill development, environment conservation of national heritage, and empowerment of women, youth, and older people are the primary focuses of the corporate social responsibility initiatives carried out by SBI bank.
3. Education, as specified in Schedule VII (ii), i.e. promoting education, and Healthcare, as specified in Schedule VII I i.e. sanitation, clean drinking water, etc., are the focal areas of the activities carried out by ICICI bank. The cultivation of skills and the promotion of sustainable livelihoods, as well as the promotion of financial inclusion in accordance with Schedule VII (iii), etc.
4. The Axis bank CSR Policy is governed by the bank's corporate vision and objective, with the goal of allowing the bank to prioritise its customers, shareholders, workers, and community. The Corporate Social Responsibility Policy of the Bank has been developed in compliance with Section 135 of the Companies Act 2013, which was passed in 2013.
5. The Kotak Mahindra bank is participating in a number of corporate social responsibility programmes by forming partnerships with non-governmental organisations (NGOs), such as Olympic Gold Quest, Teach for India, N. M. Sadguru Water & Development Foundation, CanSupport, and Dhanwantari Medical Trust, amongst others.

6. IndusInd Bank is promoting a culture of sports and physical fitness among its workers by encouraging them to take part in events like the marathon. Armed forces, sports, history, arts and culture are some of the topics that the IndusInd bank is particularly interested in.
7. The capacity of Yes Bank's collective CSR to distribute resources fairly, consider everyone as having the equal rights, and constantly behave with the greatest interests of mankind in mind.
8. The Punjab National Bank views corporate social responsibility as an obligation to conduct business in a way that is commercially, socially, and ecologically sustainable. The interests of the bank's stakeholders, which include investors, customers, employees, and business partners, as well as the interests of local communities, the environment, and society, are recognised by the bank.
9. The Corporate Social Responsibility (CSR) committee at the Bank of Baroda enables people and technology to drive innovation, spread knowledge and information, and create shared ideals in order to better people's lives. Banks' Corporate Social Responsibility (CSR) programmes and actions that promote Empowerment, Education, Eradication of Poverty, Disaster Relief, Health, and Other Causes.
10. Banks in India have boosted their corporate social responsibility (CSR) operations, which, in addition to strengthening their image and goodwill, have a favourable influence on the success of the banks' businesses.

## **CONCLUSION**

After performing CSR activities, financial institutions can reap a variety of benefits, including improved economic efficiency, enhanced public perception of the institution, strengthened relationships with its workforce, facilitated communication between the financial sector and the general public, increased organisational commitment, and enhanced ability to bring in new clients. These efforts not only contribute to development but also enhance the reputation of the bank.

CSR is the process where organization plans and works with various stakeholders for the purpose of good society. CSR is not only for charity and donation, it is for fulfilling people's needs and wants. It also support people in their mean time.

In these report we have given information about how Corporate Social Responsibilities (CSR) made place in society and how it influencing society in different way. All banks are

trying to give their best performance and for that they are doing charity shows and donations, making various schemes and policy for people etc.

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