



Exploring the Corporate Social Responsibility (CSR) Initiatives of Commercial Banks in Haryana Mangat Ram

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ABSTRACT

This research paper explores the Corporate Social Responsibility (CSR) initiatives of commercial banks in Haryana, India, focusing on their scope, implementation, and impact on local communities. The study examines various CSR activities, such as education, healthcare, financial inclusion, and environmental sustainability, implemented by commercial banks in the state. The paper also analyzes how these initiatives align with India's regulatory framework under the Companies Act 2013, which mandates companies to allocate a portion of their profits to CSR activities. Using a mixed-methods approach, including interviews with CSR managers and analysis of CSR reports, the study evaluates how these initiatives contribute to social well-being and corporate growth. Findings suggest that banks in Haryana have positively impacted rural communities through initiatives like scholarships, medical camps, renewable energy projects, and financial literacy programs. However, challenges such as limited scope, lack of transparency, and misalignment with local needs hinder the effectiveness of CSR efforts. The paper recommends enhancing transparency, broadening the scope of initiatives, and aligning efforts with community-specific needs for better long-term sustainability. This study provides valuable insights into CSR practices in Haryana's banking sector and offers recommendations to improve the alignment of corporate responsibility with community development goals, contributing to the body of knowledge on CSR in banking.

Keywords: CSR, Haryana, Commercial Banks

1. Introduction:

Corporate Social Responsibility (CSR) has become a cornerstone of business strategies globally, and its significance in India has been growing steadily over the past decade. Traditionally, businesses were solely focused on profitability and growth, but in

recent years, they have begun to recognize the need to play a proactive role in societal development¹. The banking sector, as a pillar of the Indian economy, has also embraced CSR as an integral part of its operations. CSR is no longer a mere philanthropic activity but a key strategic

function that aligns business goals with social and environmental outcomes².

1.1 Background of CSR in India and the Banking Sector

The concept of CSR has been evolving over the years, from being seen as a voluntary corporate gesture to becoming an obligatory corporate function. In India, CSR activities are governed by the **Companies Act of 2013**, which mandates that companies meeting specific criteria must allocate at least 2% of their average net profit over the previous three years to CSR initiatives. The act applies to companies with a net worth of ₹500 crore, a turnover of ₹1,000 crore, or a net profit of ₹5 crore. This legal framework emphasizes the growing role of CSR in businesses and has led to a rise in responsible business practices across various sectors, including banking.

The banking sector in India plays a crucial role in the country's economic and social development. Banks not only provide financial services but also have the power to significantly influence societal changes through their CSR activities. Commercial banks in India have been engaged in a variety of CSR programs focusing on education, healthcare, rural development, environmental sustainability, and financial

literacy³. The banking industry's involvement in CSR is crucial because of its extensive reach, influence on economic growth, and capacity to improve social outcomes.

1.2 CSR in Haryana: A Case for Exploration

Haryana, located in the northern region of India, has experienced rapid industrialization and economic development in recent years. The state is home to a growing number of commercial banks that operate across both urban and rural areas^{4,5}. Despite the state's economic progress, Haryana faces several social challenges, including income disparity, educational gaps, limited access to healthcare in rural regions, and environmental degradation.

Given Haryana's developmental landscape, CSR initiatives by commercial banks are critical in addressing these issues. While large corporations have made significant strides in implementing CSR programs, there remains a gap in understanding the specific nature of CSR activities in Haryana's banking sector and the impact of these activities on the local population. Therefore, this study seeks to explore the scope, implementation, and impact of CSR

initiatives undertaken by commercial banks in Haryana^{6,7}.

1.3 Significance of the Study

CSR is often viewed as a voluntary commitment, but it plays an essential role in balancing profit generation with social and environmental concerns. In the context of Haryana, where the banking sector is evolving, it is crucial to examine how CSR initiatives contribute to regional development. This study is significant because it aims to fill a gap in the literature by focusing on CSR efforts in Haryana, specifically within the banking sector. By focusing on this geographical region, the study provides a regional perspective on CSR practices, allowing a deeper understanding of how banks are addressing local challenges such as rural poverty, access to education, healthcare, and environmental sustainability.

The banking sector's CSR activities are often linked to their corporate image, as well as their capacity to influence public welfare. Understanding these initiatives helps evaluate their effectiveness, particularly in achieving long-term sustainable development goals (SDGs) for both the banks and the communities they serve.

2. Literature Review:

CSR in the banking sector is a relatively well-researched topic. Previous studies have shown that banks, due to their significant influence in the financial sector, play a critical role in promoting social and environmental well-being through CSR initiatives. A study by **Buchanan and Mahon (2019)** highlighted the importance of banks' roles in promoting sustainable development goals and building financial inclusion. Furthermore, research by **KPMG (2021)** emphasized that banks are increasingly focusing on environmental sustainability, healthcare, and educational programs as part of their CSR strategies^{8,9}.

However, there remains a dearth of research focusing on the regional implementation of CSR programs, particularly in states like Haryana, which presents a unique blend of urban and rural dynamics. Studies by **Mitra and Soni (2017)** on CSR in Indian banks reveal that while the overall initiatives are laudable, they often fail to address local issues such as rural poverty, unemployment, and regional inequalities¹⁰.

3. Research Methodology:

This study employs a mixed-methods approach, combining qualitative and quantitative research to gather comprehensive insights into the CSR initiatives of commercial banks in Haryana.

- **Primary Data Collection:**

Interviews were conducted with CSR managers and senior executives from commercial banks operating in Haryana. In addition, surveys were distributed to community members in rural and urban areas to gather their perspectives on the impact of CSR initiatives.

- **Secondary Data Collection:** CSR reports, annual financial statements, and government reports were analyzed to understand the scope and scale of CSR activities undertaken by the banks.

- **Sampling Method:** A purposive sampling method was used to select banks that have prominent CSR programs. These banks were chosen based on their market share, CSR budget, and geographic reach in Haryana¹¹.

4. CSR Initiatives of Commercial Banks in Haryana:

Commercial banks in Haryana have implemented several CSR initiatives focusing on:

- **Education and Vocational Training:** Several banks have set up scholarship programs, supported the

construction of schools, and sponsored vocational training programs for youth in rural areas.

- **Healthcare Initiatives:** Banks have funded medical camps, provided financial aid for healthcare services, and partnered with hospitals to offer affordable medical care.

- **Environmental Sustainability:** Many banks have invested in renewable energy projects, organized tree plantation drives, and promoted sustainable agricultural practices.

- **Financial Inclusion:** Banks have supported programs that educate people about basic financial services, ensuring marginalized communities gain access to banking facilities¹².

5. Impact Assessment of CSR Initiatives:

The study reveals that CSR programs in Haryana have led to positive changes in communities:

- **Education:** Increased literacy rates and improved access to quality education, particularly in rural areas.

- **Healthcare:** Enhanced access to healthcare services, particularly in underserved regions.

- **Environmental Awareness:** A rise in awareness about environmental sustainability, especially regarding water conservation and waste management.
- **Financial Inclusion:** Improved financial literacy and access to banking services for rural populations.

6. Challenges in CSR Implementation:

Several challenges affect the effectiveness of CSR initiatives:

- **Limited Scope:** Many programs are too narrow in focus and lack the depth needed to address larger social issues^{13,14}.
- **Transparency Issues:** There is a lack of clear reporting on the outcomes of CSR initiatives, making it difficult to assess their true impact.
- **Alignment with Local Needs:** Some CSR efforts are not sufficiently aligned with the specific needs of the local communities.

7. Recommendations:

To improve the effectiveness and impact of CSR initiatives, the study recommends the following:

- **Enhanced Transparency:** Banks should publish detailed CSR reports that outline the goals, activities, and measurable outcomes of their initiatives.
- **Broader Scope:** CSR initiatives should be expanded to cover a broader range of issues, especially those critical to Haryana's rural communities.
- **Localized CSR Strategies:** CSR efforts should be tailored to meet the specific needs of local communities, with active engagement from local stakeholders¹⁴.

8. Conclusion:

The Corporate Social Responsibility (CSR) initiatives undertaken by commercial banks in Haryana have made significant strides in contributing to the state's social, environmental, and economic development. These initiatives have played a crucial role in improving the quality of life for the people, especially in rural areas where access to education, healthcare, and financial services remains a challenge. Through various CSR programs, banks have demonstrated a commitment to addressing these challenges by investing in education, healthcare, environmental sustainability, and financial inclusion. The

CSR programs of banks in Haryana have made notable progress in areas such as rural education, healthcare accessibility, environmental conservation, and financial literacy, which are all critical to fostering long-term social and economic development.

One of the most notable contributions of CSR programs in Haryana has been in the field of education. Several commercial banks in the region have funded scholarship programs, supported vocational training initiatives, and contributed to the construction of schools in rural and underserved areas. These initiatives have helped increase literacy rates and provided youth with the skills necessary to gain employment and contribute to the local economy. The focus on financial literacy programs has also been an essential aspect of these CSR activities. By educating individuals, particularly those in rural areas, on the importance of saving, investing, and managing their finances, banks have empowered local populations to make informed financial decisions, thereby fostering economic independence. These programs have proven to be vital in creating a more financially aware and self-sufficient community, which is a crucial aspect of inclusive economic growth.

Healthcare initiatives are another significant component of CSR programs. Banks in Haryana have partnered with healthcare providers to offer free medical camps, donate medical supplies, and contribute to building health infrastructure. These initiatives have particularly benefited rural communities, where access to quality healthcare services is often limited. For example, medical camps organized by banks have provided free health checkups and treatment for thousands of people, particularly those who live in remote areas with minimal healthcare access. Moreover, partnerships with local hospitals have made healthcare services more affordable for the underprivileged. By focusing on the healthcare needs of underserved populations, these CSR activities have significantly contributed to improving health outcomes and reducing healthcare disparities in Haryana.

Environmental sustainability is another critical area where commercial banks in Haryana have made substantial contributions. Many banks have initiated tree plantation drives, funded renewable energy projects, and supported water conservation programs. The rising awareness about environmental issues, particularly among rural communities, has been an outcome of these efforts. However, the long-term impact of these initiatives

remains uncertain, and there is a need for banks to intensify their focus on sustainable environmental practices, particularly those that can have a lasting impact on the state's natural resources. Banks can further enhance their environmental CSR efforts by adopting more comprehensive approaches that integrate waste management, water resource management, and climate change mitigation strategies.

Despite the positive impact of these CSR initiatives, the study also identifies several challenges that hinder the effectiveness of CSR efforts in Haryana. One of the major challenges is the limited scope of many CSR programs. While many banks have focused their efforts on education, healthcare, and environmental sustainability, there are other pressing issues such as poverty alleviation, unemployment, and rural infrastructure development that have been largely overlooked. To make a more significant impact, banks need to broaden the scope of their CSR initiatives and address the broader socio-economic challenges faced by rural communities. Furthermore, the lack of transparency in reporting CSR activities and their outcomes has been a key issue. Many banks fail to provide detailed reports on the results of their CSR programs, making it difficult for stakeholders to assess their effectiveness.

To address this, banks should adopt more transparent reporting practices and ensure that their CSR activities are monitored and evaluated regularly.

Another challenge is the misalignment of CSR activities with the specific needs of the local communities. While many CSR initiatives are well-intentioned, they often fail to cater to the unique challenges faced by different regions within Haryana. Banks should engage with local communities and stakeholders to identify the most pressing needs and design CSR programs that are tailored to address those needs effectively. In addition, many CSR initiatives are viewed as short-term philanthropic activities rather than long-term strategic investments in community development. To ensure sustainability, banks need to focus on initiatives that create lasting benefits, such as skill development programs, infrastructure improvement, and long-term environmental conservation projects.

In conclusion, while commercial banks in Haryana have made commendable progress in implementing CSR programs that benefit local communities, there is still significant room for improvement. To enhance the effectiveness and long-term impact of these initiatives, banks should broaden the scope of their CSR activities, improve

transparency in reporting, and ensure that their efforts are aligned with the specific needs of the communities they serve. Additionally, banks should focus on developing CSR strategies that create sustainable social, environmental, and economic benefits for the region. By doing so, they will not only fulfill their regulatory obligations but also contribute meaningfully to the long-term development of Haryana. The findings of this study provide valuable insights for banks, policymakers, and other stakeholders in refining their CSR strategies to create a more socially responsible and sustainable banking sector in India.

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