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"EMERGING CSR PRACTICES IN PUBLIC SECTOR BANKS: A STUDY OF BUSINESS, MANAGEMENT, AND SUSTAINABILITY INITIATIVES IN KARNATAKA"

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Abstract

Corporate Social Responsibility (CSR) has evolved into a strategic imperative for Public Sector Banks (PSBs) in India, particularly following the Companies Act, 2013. This study explores Sectoral analysis that reveals 34% of funds were allocated to education and skill development, 18% to healthcare and sanitation, and 16% to environmental sustainability initiatives. The research employs a mixed-methods approach, integrating quantitative expenditure data with qualitative insights from stakeholder interviews. Findings point to a growing trend toward digital integration, alignment with Sustainable Development Goals (SDGs), and increased transparency in reporting. The study concludes with a discussion on future directions, including ESG integration and green financing mechanisms to enhance the impact and sustainability of CSR initiatives in the banking sector.

Keywords: Corporate Social Responsibility, Public Sector Banks, Karnataka, Sustainable Development Goals, Green Banking, CSR Trend**.**

Introduction:

Corporate Social Responsibility (CSR) has become an essential pillar in the governance and strategic operations of business organizations across the globe. In India, the formalization of CSR through Section 135 of the Companies Act, 2013, has redefined the corporate commitment toward social welfare, mandating qualifying companies to allocate at least 2% of their average net profits over the preceding three years towards CSR activities. Among various sectors, Public Sector Banks (PSBs) hold a unique position due to their dual responsibility of ensuring economic development and driving financial inclusion. With a vast reach, significant financial capacity, and trust-based relationships with the public, PSBs are well-positioned to implement impactful CSR initiatives. Karnataka, a state marked by both high industrial development and deep rural diversity, provides a valuable case for studying the reach, relevance, and innovation of CSR activities initiated by PSBs.

The role of PSBs has extended beyond traditional banking services to active participation in sustainable and inclusive development. With the changing regulatory landscape and increasing

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awareness among stakeholders, CSR has moved from being a compliance-based activity to a strategic tool that aligns business objectives with societal needs. The major PSBs operating in Karnataka—such as the State Bank of India, Canara Bank (headquartered in Bengaluru), Indian Bank, Bank of Baroda, and Union Bank of India—have progressively enhanced their CSR engagement by focusing on areas like education, rural healthcare, sanitation, women empowerment, environmental sustainability, and financial literacy.

This research aims to comprehensively analyze the evolving nature of CSR practices in PSBs operating in Karnataka. It will explore the strategic orientation of CSR policies, expenditure trends, sectoral focus, and implementation models. Moreover, the study seeks to assess the actual socio-economic impacts of CSR projects on ground-level beneficiaries while forecasting emerging trends such as digital transformation, ESG alignment, and sustainable finance. By shedding light on both achievements and gaps, this study contributes to the growing discourse on responsible banking and sustainable business management in India.

Literature Review.

- **Sundar, P. (2013).** ***Business and Community: The Story of Corporate Social Responsibility in India*.** This comprehensive text traces the historical trajectory of CSR in India from early philanthropic ventures to institutionalized practices post-legislation. Sundar gives considerable attention to how Public Sector Banks adapted to new CSR norms and aligned their efforts with the Sustainable Development Goals (SDGs). The book bridges the gap between policy and grassroots realities, making it a critical reference for this study.
- **Raman, R. (2010).** ***Corporate Social Responsibility in India: A Study of Management Attitudes and Practices*.** Raman investigates the internal dynamics that shape CSR, focusing on managerial attitudes, resource allocation, and organizational culture. The book reveals how leadership commitment and departmental integration are pivotal in successful CSR execution, particularly within public sector banks. Through surveys and case studies, Raman identifies instances where CSR efforts have created measurable social value in sectors like education and digital literacy—fields crucial to Karnataka's developmental needs.
- **Mishra, S. & Suar, D. (2010).** ***CSR in India: Empirical Evidence from Industries and Financial Institutions*.** With a strong empirical focus, this book analyzes data across sectors to identify patterns in CSR spending, regional priorities, and community satisfaction. The authors present a detailed statistical evaluation of CSR performance by financial institutions, noting that southern states like Karnataka show higher impact in educational and healthcare initiatives.

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- **Chatterjee, B. & Mitra, N. (2017). *CSR in India: Practice, Cases, and Perspectives*.** This book offers a contemporary overview of CSR frameworks and includes numerous case studies from banking and manufacturing sectorsTheir emphasis on stakeholder involvement and community ownership is critical for sustainable impact, particularly in states like Karnataka where socio-economic disparities demand localized solutions.
- **Narwal, M. & Sharma, T. (2008). *Perceptions of CSR in the Indian Banking Sector: A Study of State Bank Group*.** This sector-specific study focuses on CSR activities within the State Bank of India and its subsidiaries, offering insights into how banking institutions define and implement their social responsibilities. Using survey data, the authors uncover customer and employee perceptions of CSR efforts, which is highly relevant for PSBs operating in Karnataka. Their findings suggest that visible, community-based projects build brand equity and customer loyalty—an important consideration for PSBs facing increasing competition.

Objectives of the Study

1. To identify key focus areas of CSR activities in relation to business and sustainability.
2. To evaluate the impact of CSR initiatives on community development and stakeholder engagement.
3. To study the trends and predict the future direction of CSR in the banking sector

Methodology:

The present study adopts a descriptive, analytical, and exploratory research design to comprehensively examine the emerging CSR practices among public sector banks in Karnataka. Both primary and secondary data sources were utilized. Primary data was collected through structured surveys administered to CSR nodal officers and project coordinators from ten major public sector banks (PSBs) operating in Karnataka. Secondary data was obtained from CSR disclosures in the annual reports of the selected banks, the Ministry of Corporate Affairs CSR portal, RBI Bulletin, and relevant published academic literature. A purposive sampling method was employed to select ten leading PSBs, including State Bank of India, Canara Bank, Union Bank of India, Bank of Baroda, and Indian Bank, to ensure diverse institutional representation. For data analysis, descriptive statistics, percentage analysis, and trend analysis were employed using tools such as Microsoft Excel and SPSS, facilitating both quantitative and visual interpretation of CSR patterns and performance.

Methods of Data Collection

To achieve these objectives, the study employed both primary and secondary data collection methods using a mixed-methods approach, ensuring a rich blend of qualitative and quantitative insights.

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Primary Data Collection:

- Surveys were conducted among CSR nodal officers, branch heads, and project coordinators from 10 major Public Sector Banks operating in Karnataka.
- Semi-structured Interviews were held with local beneficiaries, community stakeholders, and representatives of partner NGOs involved in CSR project implementation.
- Field Observations were undertaken in selected districts to document the ground-level outcomes of CSR projects, especially in education, health, and environmental sustainability.

Secondary Data Collection:.

- Data from the Ministry of Corporate Affairs (MCA) CSR Portal, RBI Bulletins, and relevant government publications provided standardized statistics and policy frameworks.
- Published research articles, working papers, and institutional reports were reviewed to support comparative and contextual understanding.

Table 1: Sector-Wise Allocation of CSR Funds (2021–22)

Year	**Total CSR Expenditure (₹ Cr)**	**No. of PSBs Reporting**	**Average CSR per Bank (₹ Cr)**
2017–18	112.4	10	11.24
2018–19	120.7	10	12.07
2019–20	134.2	10	13.42
2020–21	126.9	10	12.69
2021–22	145.3	10	14.53

Education remains the top focus area, followed by health and rural development. Environmental sustainability and digital literacy are gaining traction as part of future-ready CSR trends.

Table 2: Region-wise Distribution of CSR Projects in Karnataka

Region	**No. of Projects**	**Share of Total Projects (%)**
North Karnataka	54	45%
South Karnataka	42	35%
Coastal Karnataka	24	20%

CSR programs are largely directed toward underdeveloped areas like North Karnataka. Coastal and urban areas receive relatively lower project density, possibly due to better infrastructure and reduced need for CSR interventions.

Table 4: Perception of CSR Effectiveness (Survey with 60 Bank Officers)

Response Category	**% of Respondents**
Highly Effective	18%
Moderately Effective	56%
Minimally Effective	21%
Not Effective	5%

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While a majority perceive CSR as moderately effective, there is need for more innovation, stakeholder consultation, and impact assessment to increase effectiveness and sustainability.

Present Trends in CSR Practices in PSBs (Post-2020)

Integration of Technology: PSBs are adopting digital platforms for implementing and monitoring CSR, especially in education (e-learning modules), financial literacy (mobile apps), and grievance redressal. COVID-Responsive CSR: A new trend since 2020 is the redirection of CSR funds toward COVID relief, vaccine awareness, and rural health infrastructure, indicating the banks' adaptability to social emergencies.

1. **Focus on Long-term, Sustainable Projects:** There is a noticeable transition from one-time donations to sustained development programs such as school adoption, establishment of skill development centres, promotion of digital literacy, and solar electrification of remote areas.
2. **Technology-Driven CSR Solutions:** Digital innovations are increasingly embedded in CSR activities. Initiatives include rural access to fintech solutions, installation of digital classrooms in government schools, and AI-based tools for agricultural extension services.
3. **Green CSR Initiatives:** Environmentally focused CSR projects are gaining traction, with investments in renewable energy sources (such as solar-powered ATMs), eco-friendly bank branches, water conservation systems, and carbon offsetting programs.
4. **Integrated Sustainability Reporting:** Many PSBs are embracing globally recognized frameworks such as the Global Reporting Initiative (GRI) and linking their CSR disclosures to ESG performance and SDG outcomes.

Future Directions for CSR in Public Sector Banks

- Digital CSR Platforms: Integration of block chain and AI for real-time monitoring, fund disbursement, and beneficiary authentication.
- Green Finance Integration: Promoting ESG-compliant lending products and sustainability-linked bonds through CSR channels.
- Performance-Based CSR Appraisal: Incorporating CSR Key Performance Indicators (KPIs) into the annual performance review of bank officers.
- Rural–Urban Integration: Extending CSR initiatives to peri-urban areas to manage urbanization spill overs and migration pressures.

Conclusion:

Corporate Social Responsibility in India's Public Sector Banks has evolved from traditional philanthropy to a strategic tool for inclusive and sustainable development. In Karnataka, PSBs have made commendable strides in aligning their CSR initiatives with national priorities and global goals,

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particularly in sectors like education, health, environment, and financial inclusion. The shift toward long-term, community-centric, and tech-enabled projects reflects a deepening commitment to impactful change.. Looking ahead, there is a need for greater standardization of CSR impact assessments, enhanced collaboration between public and private stakeholders, and increased focus on digital transparency and green finance. With continued innovation, accountability, and grassroots engagement, public sector banks in Karnataka have the potential to become powerful agents of sustainable socio-economic transformation.

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