
Corporate Social Responsibility in Foreign Banks in India

Anchit Upadhyaya
Research Scholar, Department of EAFM,
University of Rajasthan, Jaipur.

1) Abstract

Corporate Social Responsibility has become an important part of business ethics, sustainable development and corporate governance in India. In the banking sector, CSR has special importance because banks are not only financial institutions but also social institutions that influence savings, investment, credit, financial inclusion and community development. Foreign banks operating in India, such as HSBC, Standard Chartered, Citibank, Deutsche Bank, DBS Bank, Barclays and others, work in a competitive and regulated environment. These banks bring international banking practices, global sustainability commitments and advanced corporate governance standards. At the same time, they are also expected to respond to India's local social needs. The Companies Act, 2013 made CSR legally significant in India through Section 135, which applies to companies meeting prescribed net worth, turnover or profit thresholds. Foreign companies operating in India can also come under CSR obligations if they satisfy the legal criteria. This paper studies the role of Corporate Social Responsibility in foreign banks in India. It examines the meaning of CSR, the legal framework, CSR practices of foreign banks, major focus areas, challenges and suggestions. The paper argues that CSR in foreign banks should not be limited to legal compliance or brand image. It should become a meaningful tool for inclusive development, financial literacy, environmental sustainability, women empowerment, education and community welfare.

Keywords: Corporate Social Responsibility, Foreign Banks, India, Banking Sector, Sustainability, Financial Inclusion, Companies Act 2013, Community Development

2) 1. Introduction

Corporate Social Responsibility, commonly known as CSR, is based on the idea that business organizations have responsibilities beyond profit-making. A company uses social resources, operates within a community and affects people's economic and environmental lives. Therefore, it should also contribute to society in a responsible and ethical manner. In modern business, CSR is not seen only as charity. It has become a part of corporate governance, reputation management, sustainability and long-term value creation.

The banking sector has a special connection with society. Banks collect public deposits, provide loans, support business activities, finance infrastructure and influence economic growth. A bank's decisions affect individuals, farmers, small businesses, industries and governments. Because of this, banks are expected to behave responsibly not only in financial transactions but also in social and environmental matters.

Foreign banks in India occupy an important place in the financial system. They operate through branches, subsidiaries or representative offices under Reserve Bank of India regulation. RBI lists foreign bank branches, wholly owned subsidiaries and representative offices as part of India's banking landscape. Banks such as HSBC, Standard Chartered, Citibank, Deutsche Bank, DBS Bank and Barclays have contributed to corporate banking, trade finance, wealth management, digital banking and global financial services in India.

However, their role cannot be judged only through profit, products or international reach. Since they operate in Indian society, they also have a responsibility to contribute to social welfare and sustainable development. CSR provides a framework through which foreign banks can support education, skill development, health, livelihood, environment, financial literacy and inclusion.

India has one of the most structured CSR frameworks in the world. Section 135 of the Companies Act, 2013 requires eligible companies to constitute a CSR committee and spend on CSR activities if they meet the specified thresholds of net worth, turnover or net profit. This framework has changed CSR from a voluntary philanthropic activity into a more formal responsibility for many companies.

3) **2. Research Methodology**

This research paper is based on a descriptive and analytical method. It uses secondary sources such as government laws, Reserve Bank of India information, Ministry of Corporate Affairs material, bank CSR policies, annual reports, sustainability reports, journal articles and credible online sources. The study is qualitative in nature and focuses on understanding the CSR role of foreign banks in India.

The paper does not use primary field surveys. Instead, it analyses the CSR framework and general CSR practices followed by foreign banks operating in India. Examples from banks such as HSBC

and other major foreign banks are used to understand the nature of CSR activities in the sector.

4) 3. Meaning and Concept of Corporate Social Responsibility

Corporate Social Responsibility means that companies should conduct business in a way that is ethical, socially useful and environmentally responsible. CSR includes activities that benefit communities and reduce negative social or environmental impact. It can include education, health, poverty reduction, environmental protection, gender equality, skill development, rural development and disaster relief.

CSR is different from simple charity. Charity may be occasional and emotional, but CSR is planned, policy-based and connected with the company's responsibility toward society. A strong CSR programme has clear objectives, budget, implementation partners, monitoring systems and impact assessment.

For banks, CSR has an even wider meaning. Banks can support society not only by donating money but also by promoting responsible lending, financial literacy, access to banking services, environmental risk assessment and ethical investment. A socially responsible bank must think about who receives credit, whether projects harm the environment, whether vulnerable people are included and whether customers are treated fairly.

5) 4. CSR Legal Framework in India

CSR in India is mainly governed by Section 135 of the Companies Act, 2013, Schedule VII of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014. Under Section 135, a company is required to comply with CSR provisions if it has a net worth of ₹500 crore or more, turnover of ₹1,000 crore or more, or net profit of ₹5 crore or more during the relevant financial period.

The CSR framework requires eligible companies to form a CSR committee, create a CSR policy and spend at least two percent of the average net profits made during the three immediately preceding financial years on CSR activities. The Ministry of Corporate Affairs has clarified that the CSR framework includes Section 135, Schedule VII and the CSR Rules.

Schedule VII provides the broad areas where CSR spending can be made. These include

eradication of hunger and poverty, education, gender equality, health, environmental sustainability, protection of national heritage, rural development, slum area development, disaster management and contributions to certain government funds.

Foreign companies operating in India may also fall under CSR rules if they meet the prescribed financial criteria. This makes CSR relevant for foreign banks that conduct business in India through eligible legal structures.

6) 5. Foreign Banks in India: Background

Foreign banks have been part of India's banking system for many decades. They are usually headquartered outside India but operate in India through branches or subsidiaries. Their main business areas include corporate banking, investment banking, trade finance, treasury operations, wealth management, foreign exchange services and retail banking.

The Reserve Bank of India regulates the operations of foreign banks in India. RBI's public information on banks in India includes the category of foreign bank branches, wholly owned subsidiaries and representative offices. These banks contribute to India's financial sector by bringing international capital, global risk management practices, advanced technologies and cross-border financial services.

At the same time, foreign banks often have limited branch networks compared to public sector banks and large Indian private banks. Their CSR activities therefore may not always be spread across the country in the same way as domestic banks. Many foreign banks focus their CSR work through foundations, NGO partnerships, urban development projects, environmental programmes, skill development and financial literacy initiatives.

7) 6. CSR Practices of Foreign Banks in India

Foreign banks in India generally follow two kinds of CSR responsibilities. First, they comply with Indian legal requirements where applicable. Second, they align with their global sustainability and social responsibility policies. This combination creates a CSR model that is both local and global.

HSBC India, for example, states that it is committed to CSR by contributing to the economic and social development of communities and safeguarding the environment. Its community investment

areas include social and environmental themes. HSBC's listed CSR projects for FY 2024–25 include livelihood for persons with disabilities, ecosystem restoration, lake restoration and other community-based initiatives with NGO partners.

Standard Chartered has also been known for programmes in education, health, financial literacy and community development. Citibank and Citi Foundation have historically supported financial inclusion, youth employability and urban community development. Deutsche Bank and DBS have also worked in areas such as education, sustainability, livelihood and community welfare through institutional CSR and foundation-based programmes.

Although the scale and focus differ from bank to bank, common CSR themes among foreign banks in India include education, employability, women empowerment, environmental sustainability, community development, financial literacy, entrepreneurship support, disability inclusion and health.

8) 7. Major Areas of CSR in Foreign Banks

7.1 Financial Literacy and Inclusion

Financial literacy is one of the most suitable CSR areas for banks. Many people in India still lack proper knowledge about savings, credit, insurance, digital payments, fraud prevention and responsible borrowing. Foreign banks can use their expertise to support financial education programmes for youth, women, small entrepreneurs and low-income communities.

Financial inclusion is also important. Although foreign banks may not have large rural branch networks, they can support inclusion through partnerships with NGOs, digital literacy programmes and support for micro-entrepreneurs.

7.2 Education and Skill Development

Education is a common CSR focus area for foreign banks. Banks support scholarships, school infrastructure, digital learning, teacher training and education for underprivileged children. Skill development is equally important because India has a large young population that needs employable skills.

Foreign banks often support training in banking, finance, digital skills, communication,

entrepreneurship and vocational education. Such initiatives help young people become more employable.

7.3 Women Empowerment

Women empowerment is a major CSR area because women often face barriers in education, employment, finance and entrepreneurship. CSR programmes can support self-help groups, women entrepreneurs, financial literacy for women, vocational training, health awareness and leadership development.

Banks are especially well placed to promote women's financial independence through savings awareness, credit literacy and entrepreneurship support.

7.4 Environmental Sustainability

Environmental sustainability has become a major global concern. Foreign banks often have global ESG commitments, and these influence their CSR activities in India. CSR projects may include tree plantation, water conservation, lake restoration, renewable energy awareness, waste management and climate resilience.

HSBC's India CSR project list includes ecosystem restoration and peri-urban lake restoration projects, showing the importance of environmental CSR in banking.

7.5 Health and Community Welfare

Foreign banks also support health programmes, especially for disadvantaged communities. CSR initiatives may include eye care, disability support, sanitation, maternal health, mental health, community clinics and disaster relief.

Health-related CSR is important because poor health directly affects income, education and quality of life. Banking institutions can support public health indirectly by funding credible implementing agencies.

7.6 Livelihood and Entrepreneurship

Livelihood support is another important CSR area. Foreign banks can support micro-enterprises, small businesses, artisans, farmers and informal workers through training, market linkage and financial awareness. Such work connects CSR with economic empowerment.

9) 8. Importance of CSR in Foreign Banks

CSR is important for foreign banks in India for several reasons. First, it helps them contribute to India's development priorities. A bank operating in India benefits from Indian markets, customers, employees and infrastructure. Therefore, it should also contribute to Indian society.

Second, CSR strengthens public trust. Banking depends heavily on trust. When a bank supports communities and acts responsibly, it improves its social image and customer confidence.

Third, CSR helps foreign banks localize their global identity. A foreign bank cannot operate only as an international corporate entity. It must show sensitivity to local social realities such as poverty, inequality, environmental stress and financial exclusion.

Fourth, CSR supports sustainability. Modern banking is increasingly connected with environmental, social and governance concerns. CSR helps banks demonstrate that they are serious about responsible growth.

Fifth, CSR creates employee engagement. Many banks involve employees in volunteering, mentoring, teaching and community programmes. This improves organizational culture and social awareness among employees.

10) 9. Challenges Faced by Foreign Banks in CSR Implementation

9.1 Limited Local Reach

Foreign banks often have smaller branch networks compared to Indian public sector banks. This may limit their direct access to rural and semi-urban communities. As a result, they often depend on NGOs and implementation partners for CSR delivery.

9.2 Compliance-Oriented Approach

Some CSR programmes may become focused only on meeting legal requirements. When CSR is treated as a compliance activity, its social impact may remain limited. True CSR requires long-term commitment, not only annual spending.

9.3 Measuring Impact

It is difficult to measure the real impact of CSR programmes. For example, conducting a training

programme is easy to report, but measuring whether it actually improved income or employment is more difficult. Foreign banks need strong monitoring and impact assessment systems.

9.4 Balancing Global and Local Priorities

Foreign banks often follow global sustainability priorities set by their headquarters. However, India's local needs may differ. A meaningful CSR strategy should balance global ESG goals with Indian social realities.

9.5 Dependence on Implementation Partners

Many banks implement CSR through NGOs. This can be effective, but it also creates challenges related to partner selection, transparency, monitoring, fund use and project continuity.

11) 10. Suggestions for Improving CSR in Foreign Banks

Foreign banks should design CSR programmes that are long-term, locally relevant and measurable. Instead of spreading funds across many small projects, banks should focus on selected themes where they can create deeper impact.

They should give special attention to financial literacy, digital banking awareness and fraud prevention because these areas are directly related to banking knowledge. They should also support women entrepreneurs, youth employability and small business development.

Environmental CSR should move beyond symbolic activities such as tree plantation. Banks should support water conservation, urban lake restoration, climate resilience, sustainable livelihoods and waste management.

Foreign banks should publish clear CSR reports with project details, expenditure, partners, beneficiaries and impact outcomes. Transparency will improve credibility.

They should also involve employees in volunteering. Bank employees can mentor students, train micro-entrepreneurs, conduct financial literacy camps and support community projects.

Finally, CSR should be linked with responsible banking. Banks should ensure that their lending and investment practices also respect environmental and social responsibility. CSR should not be separate from the core ethics of banking.

12) 11. Discussion

CSR in foreign banks in India reflects the changing nature of banking and corporate responsibility. In the past, CSR was often seen as donation or charity. Today, it is connected with sustainability, governance, inclusion and development.

Foreign banks bring global experience and professional systems, which can improve CSR quality. Their partnerships with NGOs and foundations can create useful projects in education, livelihood, environment and community welfare. However, the real value of CSR depends on depth, continuity and measurable impact.

The Indian CSR law has provided structure to CSR spending, but law alone cannot create social responsibility. A bank may comply with the law and still fail to create meaningful change. Therefore, CSR should be guided by ethical commitment and community need, not only by legal obligation.

Foreign banks should also recognize that India is a diverse country. CSR needs in Mumbai may be different from those in rural Bihar, tribal Odisha or flood-affected Assam. Local consultation is important for designing effective programmes.

13) 12. Conclusion

Corporate Social Responsibility in foreign banks in India is an important area of study because it connects finance, ethics, law and social development. Foreign banks play a significant role in India's financial system, and their responsibility extends beyond business performance. They are expected to contribute to society, support inclusion and promote sustainable development.

The CSR framework under the Companies Act, 2013 has given a formal structure to CSR in India. Foreign banks that meet the prescribed criteria must follow CSR requirements. However, the true purpose of CSR is not only compliance but social transformation.

Foreign banks can make a meaningful contribution through financial literacy, education, skill development, women empowerment, environmental sustainability, health, disability inclusion and livelihood promotion. Their global experience and financial expertise can be used to create high-quality CSR programmes.

At the same time, challenges remain. Limited local reach, impact measurement problems, dependence on NGOs and compliance-based thinking can reduce CSR effectiveness. To overcome these challenges, foreign banks must adopt transparent, community-based and long-term CSR strategies.

In the final analysis, CSR in foreign banks should be seen as responsible participation in India's development. A bank that earns from society must also invest in society. When CSR is implemented honestly, it can strengthen both social welfare and institutional trust.

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