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# AN EMPIRICAL INVESTIGATION INTO THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON STOCK PRICE PERFORMANCE IN THE INDIAN BANKING SECTOR: A CASE STUDY OF HDFC BANK

*Atul Oraon* [(a)1]

[(a)] *Research Scholar, Department of Commerce and Business Management, Ranchi University, Jharkhand, India; E-mail: Kevin7631atul@gmail.com*

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ABSTRACT

*This research examines the correlation between HDFC Bank's Corporate Social Responsibility (CSR) initiatives and the stock price reaction. The project utilises secondary data from CSR reports and stock price movements, employing quantitative methods such as correlation analysis and event study methodology to determine whether CSR activities affect investor perceptions and, in turn, market performance. The study aims to examine whether HDFC Bank's Corporate Social Responsibility (CSR) initiatives influence its stock market performance by analysing the relationships among CSR expenditure, overall stock prices, and short-term stock returns as indicators of market sentiment. The study employed a quantitative research design, utilising secondary data collected from HDFC Bank's CSR reports and historical stock price records. Two methods were used: first, a Correlation analysis, and second, an event study to evaluate the association between CSR spending, average stock prices, and 3-month short-term returns. The results indicate a strong positive relationship between CSR expenditure and average stock price levels ($r = 0.805$, $p = 0.016$), suggesting that higher CSR spending may enhance investor confidence and long-term valuation. However, CSR expenditure showed a weak, non-significant relationship with short-term stock returns ($r = –0.331$, $p = 0.424$), as supported by the regression results, which had low explanatory power ($R^2 = 10.9\%$). That confirms that CSR contributes more to long-term reputation and sustainable value creation than to short-term price movements. This study contributes to the limited Indian evidence on how CSR spending affects financial markets by focusing specifically on HDFC Bank—a central private-sector bank with consistent CSR engagement. Rather than examining broad market trends, this research provides a bank-specific, event-focused analysis that distinguishes between long-term valuation effects and short-term return behaviour. The results highlight CSR as a meaningful non-financial indicator of corporate sustainability and investor perception in the Indian context.*



## INTRODUCTION

Corporate Social Responsibility (CSR) in India has shifted from a voluntary practice founded on philanthropic tradition to a legal requirement for businesses. Corporate Social Responsibility (CSR) in India originally consisted of charitable donations and community support initiatives carried out by large business groups. Corporate Social Responsibility (CSR) formalisation began with the Companies Act, which governs business, and marked a substantial transformation in the regulatory framework.

Under Section 135 of the Act, companies meeting minimum financial thresholds, specifically: net worth of ₹500 crore or more; turnover of ₹1,000 crore or more, or net profit of ₹5 crore or more, must spend at least 2% of their average net profit for the previous three financial years on CSR. Also, companies are mandated to spend on CSR; they must now form a CSR Committee, create a CSR policy, and report their activities in the annual report (Ministry of Corporate Affairs, 2013).

The CSR requirement is complemented by Schedule VII of the Act, which outlines permissible CSR activities, including the eradication of poverty, education, promotion of gender equality, environmental sustainability, and contributions to national funds for relief. This legal provision made India the first country in the world to legally mandate CSR spending. (Ministry of Corporate Affairs, 2014).

[1]*Corresponding Author: ORCID ID: 0009-0009-2472-973X*
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Since the introduction of CSR in Companies Act, there have been some ongoing institutionally-regulated implications and unintended consequences that must be evaluated further, including: the CSR spending was a requirement for companies meeting specified criteria; the Government provided no resources to support regulated spending by businesses; there were no appointed officers responsible to ensure companies abide by the CSR regulations; and companies can choose whether or not to report what CSR spending occurred, where it occurred, and how the money was used (in the case of permanent funds) (Chatterjee & Mitra, 2017).

The banking industry plays a key role in economic development by serving as an intermediary between surplus and deficit sectors of the economy. This is because of its significance and public engagement. CSR is highly meaningful to banks through CSR initiatives. Banks can enhance their reputational capital, improve trust with and increase engagement of stakeholders, and engage in financial literacy and inclusion activities, through CSR initiatives (Carroll, 1991; Jeucken, 2004)

Banks exist in a transparent industry, and many of their activities may affect large communities and sectors of society. Socially responsible practices benefit banks by developing brand reputation and identity, customer loyalty, and reducing risk. Banks that engage in CSR can enhance their corporate citizenship, align their institutions with Environmental, Social, and Governance (ESG) standards, and meet the expectations of regulators, stakeholders, and the public (Freeman, 1984).

Banks can enhance financial literacy, education, and financial inclusion, as they have more responsibility than many corporations. Banks can choose to contribute to national and local financial inclusion objectives through CSR initiatives. Some examples of CSR initiatives that banks can undertake include outreach to underserved areas through rural banking camps, awareness drives, and facilitating small credit or lending. In summary, while assisting with CSR objectives, the bank is also expanding its prospective customer base, thereby eradicating the perception that 'socially responsible' initiatives are merely socially responsible and not beneficial from a business perspective (Goyal & Joshi, 2011).

According to the bank's annual CSR disclosure (HDFC Bank), the bank spent over ₹820 crore on CSR activities during the financial year 2022–23, exceeding the 2% target. The bank partnered with NGOs, CSR foundations, and government agencies to implement successful initiatives and programs across different regions (India CSR, n.d.).

The social responsibility view of HDFC Bank's CSR strategy primarily serves two purposes: serving the community and sustaining the business. That is a reflection of the banking industry's ability to drive profit, where profits are not in conflict with social purpose and thereby create sustainable value for stakeholders in the long term.

## LITERATURE REVIEW

Examined the concept of Corporate Social Responsibility (CSR) in the banking sector in India. Researchers found that although CSR has become well-known, it is very poorly adopted in Indian banks. The analysis covered 12 Indian banks and revealed that most institutions were engaged in CSR activities in education, rural development, health, and sustainability. The researcher noted that most banks were active in disciplines such as education, rural development, health, and sustainability. However, only a few banks implemented CSR with fixed budgets and adopted global reporting standards, such as the Global Reporting Initiative. Although they made some positive statements about CSR - e.g. SBI's girl child adoption program and other unique performances from other PSUs similar to what PNB did with village development, they created a bad impression that Indian banks (and their human resources) were not utilizing their approaches to CSR as a mechanism to use Government guidelines for CSR such the guidelines for Rural Self Employment Training Institutes (RSETI). Researchers qualify their contribution to the literature and future research by providing recommendations to ensure that banks adopt CSR policies. They advocate for legislation mandating CSR spending, a standardized reporting format for disclosures, professional monitoring/harvesting (perhaps reporting), and the integration of CSR into strategic business undertakings. Their study can now bolster the empirical literature on CSR (within the purposively limited literature on CSR for Indian banks) and the future research agenda on the strategic and financial consequences of CSR activity (Chaudhury, Das, & Sahoo, 2012).

The study investigated the effect of the Corporate Social Responsibility Reporting Index (CSRRI) on the financial performance of two central Pakistani banks, Habib Bank Limited (HBL) and MCB Bank. The study fills a gap in the research on emerging economies. Researchers use panel data to analyse the financial performance. This study used descriptive statistics, correlation, and multiple regression analysis to determine the significance of CSR's impact on financial performance, measured by ROA, EPS, and PAT. The study concluded that overall, CSRRI positively and significantly affected financial performance variables, while bank size negatively affected financial performance. Therefore, to achieve a deeper understanding of the strategic significance of the financial performance impact of CSR, the study recommended that it be carried out across more banks and countries (Memon et al., 2019).

The study examined the relationship between Corporate Social Responsibility (CSR) and financial performance in the Czech banking industry by analysing the three largest banks—Česká spořitelna, Komerční banka, and ČSOB. Although CSR has gained worldwide recognition as a strategic management practice, its empirical validation in Central and Eastern Europe remains limited. In particular, the relationship between CSR-related philanthropic donations and banking performance during periods of financial distress had not been previously explored, representing a significant research gap. The authors also emphasised the need further to develop CSR practices in Central and Eastern Europe. (Goyal & Joshi, 2011).

Using secondary data from banks' annual reports, including information on philanthropic donations and rankings from the Top Philanthropic Firm, the study applied time-series and correlation analyses to examine the dependence of philanthropic contributions on pre-tax profits. The findings revealed some inconsistencies but indicated a moderate positive correlation between profits and donations. The study concluded that CSR, in the form of philanthropic donations, was sustainable among Czech banks and served as a strategic tool. Moreover, the results supported the view of CSR as a rational governance mechanism that enhances reputational management and stability, while enabling banks to operate effectively amid a broader societal shift toward greater acceptance of social responsibility. Based on these findings, the authors recommended longitudinal and cross-country follow-up studies to further assess CSR as a strategic governance tool, particularly under challenging and volatile economic conditions (Carroll, 1991).

Examined the status and impact of Corporate Social Responsibility (CSR) in the Indian banking sector through a survey of 95 bank employees in Lucknow. The study aimed to identify key CSR focus areas, along with the challenges, benefits, and motivating factors influencing CSR adoption. The findings indicated that banks primarily focused on rural development, education, and women's empowerment, while also considering the importance of customer and employee welfare. The primary constraints identified were low awareness levels and a lack of internal interest in CSR initiatives. Ethical responsibility emerged as the sole significant motivator for CSR engagement. By relying on primary data, the study addressed an important gap in CSR research within the banking sector and suggested directions for future research, including the examination of the relationships among CSR, financial performance, and stakeholder trust (Rani & Khan, 2015).

Assessed the Corporate Social Responsibility (CSR) engagement of 30 Indian commercial banks to determine whether banks had shifted their CSR focus to areas such as rural development, financial literacy, education, and environmental protection. It addressed a vital research gap by systematically comparing the CSR engagement of public, private, and foreign banks by using secondary data obtained from each bank's annual reports. The authors used a scoring system based on 9 CSR-related variables to assess CSR engagement levels. The findings indicated some interesting trends; public sector banks engage in CSR activities, while private and foreign banks engage far less, with little to no engagement for women's welfare and rural outreach, with community welfare accounting for the most focus area, and women's empowerment and financial literacy accounting for the least focus area. The study concluded that banks are engaged in more CSR activity, but it has become uneven across different focus areas and sectors. It is recommended that future studies focus on linking banks' CSR performance to their financial performance, use larger bank samples, and employ longer timeframes (Sharma & Mani, 2013).

Investigated the effect of Corporate Social Responsibility (CSR) expenditures on the financial performance of certain banking corporations in India to fill a gap in empirical research on CSR and performance in the Indian banking sector. Using secondary data from seven banks (ICICI, HDFC, Axis Bank), the researchers applied correlation and regression analyses to examine the relationship between CSR spending and financial indicators, including NPM, ROE, ROTA, and ROI. The results of the correlation and regression analyses showed a statistically significant negative relationship between CSR and ROE and ROI. At the same time, the associations with NPM and ROTA were found to be insignificant. Despite CSR being mandated under the Companies Act, the study observed that only a few banks complied with the prescribed 2% CSR contribution. Results indicated that while there is a relationship between CSR and financial performance, it is mixed and contextual. Hence, the authors recommended additional and broader longitudinal research with additional firms to verify the findings and to understand how firms can strategically incorporate CSR into their financial planning (Patjoshi & Nayak, 2020)

Carried out an empirical study on the CSR practices of State Bank of India (SBI), focusing on sector and stakeholders' engagement. Addressing a research gap in the analysis of CSR performance in the Indian banking sector, particularly for India's largest public sector bank, the study aimed to evaluate the scope, awareness, and social impact of SBI's CSR initiatives. The authors used both primary data, collected from 50 SBI employees, and secondary data from SBI's annual report, employing descriptive and trend analysis methods. The findings revealed that SBI consistently exceeded its prescribed CSR budget each year, although its investment patterns varied over time. The bank demonstrated a strong commitment to skill development and livelihood generation, while investments in healthcare, education, and environmental sustainability were found to be inconsistent. Most employees acknowledged SBI's genuine commitment to CSR but highlighted uneven implementation across different sectors. The study suggested that SBI's CSR committee should strengthen CSR processes, differentiate its initiatives from competitors, and better address under-supported areas. The authors further recommended greater collaboration with stakeholders, learning from past challenges, deeper community engagement, and alignment of CSR initiatives with evolving contexts to promote inclusive and sustainable growth **(**Dutt & Grewal, 2018).

Review the Corporate Social Responsibility (CSR) practices of banks and financial institutions in India, arguing that banks should acknowledge their social responsibilities and incorporate social and environmental issues as integral parts of their core activities. Study reveals a research gap in sporadic, sometimes surface-level CSR reporting and uptake in the Indian banking community. Researchers also argue that many banks lack a well-defined CSR strategy and tend to use CSR primarily as a public relations tool rather than demonstrating a genuine long-term commitment to development. Authors utilize secondary data and policy analysis to show that although the Reserve Bank of India (RBI) has devised guidelines to help developed coherent CSR policies, because of a lack of stakeholder interactions, and limited commitment to CSR, banks have underperformed at creating and maintaining CSR transparency, a priority as part of the corporate governance agenda and recommending strategies to mainstream CSR with their business operations. Education, health care, environment, energy conservation, and rural development have remained key areas of CSR emphasis according to researchers. CSR reporting has failed to report the long-term impact on development issues. Researchers suggested that banks must adopt mandatory CSR policies, engage stakeholders, publish integrated sustainability reporting, and embed CSR and CSR reporting into their business models to ensure that CSR practices are acknowledged. Firms contribute to society's welfare, and their financial performance also remains stable (Sharma & Panigrahi, 2016).

While Corporate Social Responsibility (CSR) has received significant attention, especially following the implementation of Section 135 of the Companies Act, 2013, most studies have focused on qualitative measures of CSR impact, such as brand image, brand reputation, and customer satisfaction. There is little empirical work assessing the relationship between CSR activities and stock price performance, particularly in the Indian banking industry, where trust and transparency are essential (Sharma & Mani, 2013).

Although extensive global research examines the financial implications of corporate social responsibility (CSR), there is limited evidence specifically focused on Indian private-sector banks, such as HDFC Bank, despite their stated commitment to CSR. Much of the existing research in India has either imprudently merged data across multiple banks, thereby diluting the impact of bank-specific CSR initiatives, or concentrated primarily on CSR compliance and delays in policy implementation. Additionally, several studies have overlooked the influence of stock market performance, investor sentiment, and share price returns, leaving a gap in understanding the direct financial implications of CSR for individual Indian banks (Memon et al., 2019).

This raises the need for a quantitative analysis that is specifically designed for banks and ties the CSR expenditure of the bank to a market-related performance indicator, which is the stock price. The paper will address this shortcoming by analyzing the incremental effect of HDFC Bank's CSR efforts on the market-related performance indicator of stock price (Patjoshi & Nayak, 2020).

Therefore, this study aims to analyse the corporate social responsibility (CSR) initiatives undertaken by HDFC Bank, with particular emphasis on the nature, scope, and focus areas of its CSR activities. It also seeks to examine the trend in HDFC Bank's stock price before and after the disclosure of CSR activities to understand market behaviour and investor response. Furthermore, the study evaluates the relationship between CSR expenditure and stock price performance, assessing whether investments in CSR initiatives have a measurable impact on the bank's stock valuation and overall market performance. The main hypotheses are as follows:

**$H_0$ (Null Hypothesis)**: CSR expenditure has no significant effect on HDFC Bank's stock price/returns.
**$H_1$ (Alternative Hypothesis)**: CSR expenditure has a significant effect on stock price/returns.

## MATERIALS AND METHODS

### Research Design

The proposed research adopts a quantitative event-study design to examine the impact of Corporate Social Responsibility (CSR) on HDFC Bank's stock price returns. The proposed research aims to test whether CSR disclosures affect investor behaviour and market valuation in the short term. The proposed research adopts secondary data collection methods.

### Data Collection Method

#### *Nature of Data*

The study relies solely on secondary data because this type of data enables us to leverage proven historical data. Secondary data are obtained from credible, publicly available sources to ensure the study's results are accepted as valid. Our data is not limited to this; it also comprises company statements and the official website of the stock exchange.

#### *Data Sources and Collection Process*

Data was collected from the following specific sources:

**CSR Expenditures and Initiatives:** Primary data on CSR expenditures were obtained from HDFC Bank's Annual Report and its CSR disclosures published on the bank's website. Annual reporting of financial statements and listings of reported CSR activities, including monetary amounts and focus areas, were provided in the reports.

**Stock Prices (daily and monthly):** Historical HDFC Bank stock prices were sourced from the official websites of the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE), as well as Investing.com. Further data was sourced from financial reference databases, including Moneycontrol.com and Investing.com, which provided daily and weekly closing prices for the event window period for the selected stock.

**Market Index Data:** To evaluate market performance and account for market-wide movement during an event study, data for the Nifty 50 Index were obtained using the official NSE portal. This index provided a benchmark for context concerning HDFC Bank's performance during broader stock market movements.

### Time Frame of the Study

The selected period for the event study focuses on three specific months:

**March** – One month before CSR disclosure
**April** – The month of CSR disclosure (usually aligned with annual reporting)
**May** – One-month post-disclosure

This **three-month event window** allows for a focused analysis of pre- and post-announcement investor behaviour. To strengthen the robustness of the findings, historical stock and CSR data spanning the **last eight financial years**, from 2017 to 2024, were collected to examine long-term trends and ensure results are not affected by year-specific anomalies.

Table 1. Methods

| Methods | | |
|---|---|---|
| **Statistical Test** | **Why It Was Used (Purpose)** | **Benefits of the Test** |
| **Descriptive Statistics** | To provide a basic summary of key variables and understand the general distribution of data. | Offers a clear overview of the dataset, helps identify trends, variability, and data issues. |
| **Pearson's Correlation** | To examine the linear relationship between two continuous variables. | Helps assess the strength and direction of association; useful in identifying potential linkages. |
| **Linear Regression Analysis** | To explore whether one variable can predict or explain changes in another. | Quantifies relationships and enables prediction; helps test the influence of independent variables. |
| **ANOVA (within Regression)** | To evaluate the overall significance of the regression model. | Determines whether the model meaningfully explains variation; validates or rejects predictive assumptions. |

Table 2. Data Accuracy and Validation

All data collected was cross-verified from multiple sources to ensure accuracy and consistency.

| Year | CSR Exp (cr) | Actual CSR spent (cr) | 3-month Average monthly return% | Stock Price Average of March, April, & May | Average 3 years of net profit(cr) |
|---|---|---|---|---|---|
| **2015** | 122.61 | 49.18 | 0.53% | 509 | 6130.73 |
| **2016** | 139.26 | 85.7 | 6.77% | 562.3 | 6962.95 |
| **2017** | 161.14 | 146.55 | 5.59% | 768.6 | 8056.97 |
| **2018** | 159.69 | 175.97 | 4.41% | 992 | 7984.32 |
| **2019** | 166.81 | 173.52 | 5.40% | 1173.6 | 8340.57 |
| **2020** | 183.9 | 211.77 | -5.19% | 937.6 | 9195.17 |
| **2021** | 169.21 | 189.82 | 0.26% | 1473.3 | 8460.7 |
| **2022** | 190.41 | 194.03 | -81% | 1414 | 9520.7 |

From 2015 to 2022, HDFC Bank's CSR expenditure rose steadily, with planned CSR spending increasing from ₹122.61 crore in 2015 to ₹190.41 crore in 2022. Actual CSR spending closely followed the budgeted amounts, occasionally exceeding them, as seen in 2020 when actual expenditure reached ₹211.77 crore. During the same period, the bank's stock prices generally increased, rising from an average of 509 in 2015 to a peak of 1473.3 in 2021, reflecting strong market performance. The 3-month average monthly returns, however, were more volatile, showing positive growth in most years but declining sharply in 2020 (-5.19%) and 2022 (-81%), indicating periods of market correction or volatility. A comparison of CSR spending and stock price trends suggests a positive long-term association: years with higher CSR spending tend to be associated with higher stock prices. Nevertheless, short-term stock returns did not consistently align with CSR spending, as seen in 2022. The bank's average three-year net profits steadily increased from ₹6130.73 crore in 2015 to ₹9520.7 crore in 2022, indicating robust financial performance. Overall, the data suggest that HDFC Bank has maintained a balance between increasing CSR investments and sustaining profitability, with CSR expenditure having a more noticeable effect on long-term stock prices than on short-term returns.

## RESULTS AND DISCUSSIONS

Table 3. Descriptive Statistics

| | CSR Exp (cr) | Actual CSR spent | 3-month average monthly return % | Stock Price average of March, April, and May |
|---|---|---|---|---|
| **Valid** | 8 | 8 | 8 | 8 |
| **Mean** | 161.629 | 153.317 | -0.079 | 978.800 |
| **Std. Deviation** | 22.154 | 57.059 | 0.298 | 360.974 |
| **Minimum** | 122.610 | 49.180 | -0.810 | 509.000 |
| **Maximum** | 190.410 | 211.770 | 0.068 | 1473.300 |

The descriptive analysis summarises the study's key variables. Over the eight years, HDFC Bank's actual CSR expenditure averaged ₹153.32 crore, with a standard deviation of ₹57.06 crore, indicating low to moderate variation in CSR spending. The average stock price was ₹978.80, ranging from a low of ₹509.00 to a high of ₹1473.30, indicating considerable variation in HDFC Bank's stock prices during March, April, and May. The average 3-month return was -0.079%, while the S.D. was 0.298 and the returns ranged from a low of -0.810% to a high of 0.068%. Thus, the short-term returns in the months roughly around the time the price is disclosed as a CSR amount are mainly negative.

Table 4. Pearson's Correlations

| | Pearson's r | | p |
|---|---|---|---|
| **Actual CSR spent** | Stock Price average of March, April, and May | 0.805 | 0.016 |
| **Actual CSR spent** | 3-month average monthly return % | -0.331 | 0.424 |
| **Stock Price average of March, April, and May** | 3-month average monthly return % | -0.505 | 0.201 |

The relationships between total CSR expenditure, stock price, and stock returns were examined using Pearson's correlation analysis. The analysis revealed a strong, statistically significant positive correlation between actual CSR expenditure and the average stock price ($r = 0.805$, $p = 0.016$), indicating that higher CSR spending is associated with higher stock prices. In contrast, CSR expenditure and the 3-month average stock return showed a weak negative correlation ($r = -0.331$, $p = 0.424$), which was not statistically significant, suggesting no meaningful relationship between the variables. Similarly, the average stock price and average returns were moderately negatively correlated ($r = -0.505$, $p = 0.201$), but this relationship was also not statistically significant. Overall, the findings indicate that while CSR expenditure is positively associated with stock prices, it is not significantly associated with short-term stock returns.

Table 5. Linear Regression

| Model Summary - actual CSR spent | | | | |
|---|---|---|---|---|
| **Model** | **R** | **$R^2$** | **Adjusted $R^2$** | **RMSE** |
| **$M_0$** | 0.000 | 0.000 | 0.000 | 57.059 |
| **$M_1$** | 0.331 | 0.109 | -0.039 | 58.168 |

Note: $M_1$ includes the 3-month average monthly return %

A linear regression model was developed to assess the effect of the 3-month average stock return on actual CSR spending. The model yielded an $R^2$ of 0.109, indicating that only 10.9% of the variation in CSR spending could be explained by the stock returns. The Adjusted $R^2$ was -0.039, suggesting a poor fit of the model to the data. The regression coefficient was -63.297, with a p-value of 0.424, indicating a negative but statistically non-significant relationship between stock returns and CSR spending. Additionally, the ANOVA test yielded an F-value of 0.736 ($p = 0.424$), further confirming that the model was not statistically significant. Overall, these results suggest that 3-month average stock returns do not have a meaningful impact on CSR expenditure.

Table 6. ANOVA

| Model | | Sum of Squares | df | Mean Square | F | p |
|---|---|---|---|---|---|---|
| **$M_1$** | Regression | 2489.706 | 1 | 2489.706 | 0.736 | 0.424 |
| | Residual | 20300.750 | 6 | 3383.458 | | |
| | Total | 22790.456 | 7 | | | |

Note. $M_1$ includes the 3-month average monthly return %
Note. The intercept model is omitted, as no meaningful information can be shown.

Table 7. Coefficients

| Model | | Unstandardized | Standard Error | Standardized | t | p |
|---|---|---|---|---|---|---|
| **$M_0$** | (Intercept) | 153.317 | 20.174 | | 7.600 | < .001 |
| **$M_1$** | (Intercept) | 148.315 | 21.376 | | 6.938 | < .001 |
| | 3-month average monthly return % | -63.297 | 73.788 | -0.331 | -0.858 | 0.424 |

The ANOVA table confirmed the regression findings. The regression model was not significant ($p > 0.05$), and the residual variance was high. The constant term (intercept) of both models was statistically significant, but the predictor variable (3-month return) was not.

## CONCLUSIONS

This study investigated the relationship between Corporate Social Responsibility (CSR) spending for HDFC Bank and its stock market performance, with an emphasis on average stock prices and short-term returns around the months of CSR disclosure. The study found a strong, positive, and significant correlation ($r = 0.805$, $p = 0.016$) between CSR spending and average stock prices. This implies that increased CSR spending may improve investors' perceptions and lead to a higher stock valuation. The market may view CSR spending as reflecting good governance, a strong reputation, and long-term value creation. Previous studies had indicated that CSR spending has a poor relationship with short-term stock returns. The findings of this study support this conclusion. The correlation between CSR expenditure and short-term stock returns (3-Month Average) was weaker than expected and, in fact, revealed a non-significant correlation ($r = -0.331$, $p = 0.424$). The regression analysis also confirmed that (3-Month Average) returns are not significantly explained by CSR expenditure, as revealed by $R^2$ of only 10.9% and a non-significant p-value (0.424). These findings suggest that while CSR initiatives may influence the overall value of the firm and inform how future investors perceive the value of future cash flows, they do not affect short-term financial results. In summary, corporate social responsibility initiatives seem to be more positively associated with stock prices than with short-term returns, suggesting they are more strategically relevant for long-term reputation and stakeholder trust than for short-term profitability. For investors and policymakers, the findings in this research bridge the potential value of corporate social responsibility as a non-financial interpretation of corporate resilience and sustainability.

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