CORPORATE SUSTAINABILITY REPORTING PRACTICES IN THE BANKING SECTOR: A GOVERNANCE IMPLICATION

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Abstract

This study aims to evaluate the level of sustainability reporting practices (SRP) in the Indian banking sector. The researcher used content analysis techniques to quantify the level of SRP in the post-merger and post-COVID-19 pandemic periods of the Business Responsibility and Sustainability Reporting (BRSR) period based on sustainability indicators prescribed by Global Reporting Initiative (GRI) standards, National Voluntary Guidelines (NVGs) on responsible business conduct, and literature review. The relevant data on sustainability reporting were extracted from business responsibility reports, corporate social responsibility (CSR) reports, and annual reports published by public and private sector banks in the 2021–2022 financial year (FY). The empirical findings showed that financial inclusion, green technology, and financial literacy are the top priorities under SRP among Indian banking companies. The study noted that banks in India pay limited consideration to indicators related to the environment (Mani, 2022). The findings further demonstrate a significant difference in sustainable reporting between public and private sector banks in India in terms of environmental and governance indicators (Kumar & Prakash, 2019a). This study strengthens the body of literature by evaluating the types of sustainable reporting practices in the Indian banking sector under the BRSR reporting regime after the COVID-19 pandemic period.

Keywords: Sustainability Reporting, NVGs, Banking Sector, GRI Standards, Environment, Social and Governance (ESG) Framework, BRSR Reporting

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1. INTRODUCTION

Corporate sustainability reporting practice (SRP) is a common agenda for many corporations. However, the absence of specific mandatory guidelines makes it hard to evaluate corporate sustainability performance based on voluntary reporting. Evaluating sustainability reporting performance in the financial services industry is more difficult due to its complex and indirect connections with the environment and society (ElAlfy & Weber, 2019). The United Nations (UN) has established Sustainable Development Goals (SDGs) with deadlines for achieving them by 2030. The banking and financial services sectors will be crucial in embracing sustainable business operations to accomplish the SDGs (Nwagwu, 2020; Adu, 2022). Over the last few decades, regulators, policymakers, investors, and researchers have paid close attention to SRP in the banking sector (Moufty et al., 2024). Banking institutions report on sustainability indicators as part of their nonfinancial reporting practices to demonstrate their relationship with the community in which they operate and to communicate their impact on the social, environmental, and economic areas as triple-bottom-line performance (Munjal & Malarvizhi, 2021). Despite the significant contribution made by the banking sector in social and environmental aspects, existing research (Sethi et al., 2017) has noted that the banking sector still needs to be explored in sustainability reporting. Very few studies have examined the banking SRP in the context of the Indian banking sector (Kumar & Prakash, 2019a). A review of existing literature provides evidence that initially, sustainable reporting in the banking sector remains limited to the use of energy-efficient technology, minimum use of scarce resources, and low carbon emission (Baldissera, 2023) but later integrated environmental concerns into their regular lending and financing activities (Scholtens, 2006).

The main objective of the current study is to assess SRP in public sector banks and private sector banks in India in connection with the two primary SRP frameworks, the Global Reporting Initiative (GRI) G4 guidelines and the National Voluntary Guidelines (NVGs). This study, in particular, seeks to:

1) assess the degree of sustainability reporting by public sector banks and private sector banks in India;

2) demonstrate the sustainability indicators reported by public and private sector banks in India;

3) evaluate the inequality in sustainability reporting between public sector banks and private sector banks in India.

Previous research revealed that the banking sector is slower in adopting environmental reporting, considering their less involvement in pollution (Kumar & Prakash, 2019a, 2019b; Mani, 2022). However, recently, there has been a greater emphasis on adopting global environmental, social, and governance (ESG) standards for reporting nonfinancial performance, such as ESG practices in the banking and financial service sector (Khan et al., 2009). Diverse studies have revealed that SRP benefits businesses in various ways (Buallay, 2022). Recent research from multiple countries has highlighted the nature and substance of SRP in the banking sector (Khan et al., 2009; Weber & Chowdury, 2020; Branco & Rodrigues, 2008; Raut et al., 2017; Kumar & Prakash, 2019a; Mani, 2022; Islam et al., 2016; Smit & van Zyl, 2016; Dong et al., 2022; Hongming et al., 2020; Boiral & Henri, 2017; Moufty et al., 2024; Aras et al., 2018; Buallay et al., 2023). Despite growing curiosity in several aspects of SRP, financial service sectors, particularly the banking sector, still need to be explored in emerging market contexts (Sethi et al., 2017). The non-financial reporting content, particularly in the Indian banking sector, has also not been studied at large (Kumar & Prakash, 2017, 2019a). Therefore, the purpose of this study is to address the gap in the literature by introducing further evidence on SRP in the Indian banking sector after the mega-merger in 2019 and in the post-COVID-19 pandemic period under the Business Responsibility and Sustainability Reporting (BRSR) reporting regime. This is one of the first studies to investigate the extent to which public sector banks and private sector banks in India report their sustainable activities under GRI and NVGs after the mega-merger took place in 2019 and in the post-BRSR reporting period because the banking sector is expected to play crucial for attaining SDGs by adopting sustainable business practices (Nwagwu, 2020).

The structure of this paper is as follows. Section 2 includes a review of the relevant literature, SRP guidelines, an overview of the banking sector, and recent mergers in the Indian banking sector. Section 3 covers data sources and research methodology. Section 4 presents and discusses the analysis and findings. Section 5 outlines the conclusion, future implications, and limitations.

2. LITERATURE REVIEW

The stakeholder theory emphasises the importance of corporate disclosure to advance the interests of stakeholders in particular and society in general (Tran, 2023; Tran & Nguyen, 2023; Grove et al., 2022; Otman, 2021). The significance of SRP has been increasing over time. Banks and other financial institutions are intensely engaged in channelling financial resources toward sustainable activities (Cerqueti et al., 2023) through investment strategies (Xia et al., 2023). The SRP has become the core of the business strategy irrespective of the type of business operations (Ghosh, 2017). The stakeholder theory emphasises the importance of corporate disclosure in advancing the interests of stakeholders and society. According to the theory, firms must report all sustainability issues to maintain long-term stakeholder relationships (Freeman, 1994). Contemporary empirical literature noted the relevance of SRP in the banking industry considering the significant impact on society through investment and lending operations (Nobanee & Ellili, 2016; Islam & Kokubu, 2018). Various stakeholders perceived that SRP in corporate social responsibility (CSR) reports, Business Responsibility Reporting (BRR), and sustainability reports indicate a robust organisational commitment toward various stakeholders. Studies from developing economies have reported that SRP has a positive impact on financial performance (Maqbool & Zameer, 2018) because SRP has a competitive advantage (Gangi et al., 2019), reputation and customer satisfaction (Saeidi et al., 2015). SRP promotes trust and transparency (Perrini &

Tencati, 2006), motivation of staff (Jabbour & Santos, 2008), corporate values (Shaikh, 2022), productivity (Zheng et al., 2022) and social legitimacy (Scott, 2008). The positive impact of SRP on profitability is not limited to any particular region or country but rather noticed across different country contexts (Rettab et al., 2009; Giron et al., 2021; Weber & Chowdury, 2020; Sehgal et al., 2022). The banking and financial sector has also witnessed a positive association between SRP and operational performance (Buallay, 2020; Weber & Chowdury, 2020; Buallay et al., 2021; Attah-Botchwey et al., 2022; Ellili & Nobanee, 2022; Djalilov & Hartwell, 2023). However, Buallay et al. (2023) reported a negative relationship between financial performance and ESG-based reporting scores based on inter-regional empirical experience (Asia, Europe, Mena, Africa, and North and South America). Studies by Buallay et al. (2020) and Jha and Rangarajan (2020) also noted that ESG weakens financial performance.

Bank strategies must undergo a paradigm shift to integrate ESG considerations into banking activities and advance sustainable development. Several national and international standard-setting bodies, including the United Nations Global Compact (UNGC) principles, the GRI, and the NVGs (in India), have proposed environmental reporting frameworks, which organisations have widely embraced to improve ESG enactment. Consequently, to keep the stakeholders well-informed on business affairs and communicate ESG-based performance, sustainability reporting has become more popular and important over the past couple of years through BRR, SRP, CSR reports, and similar formats (Khan et al., 2009). The researcher in the current study has identified three key dimensions of the SRP of banking sector companies through a review of the literature on SRP trends and widely used SRP frameworks (Kumar & Prakash, 2019a; Mani, 2022). The study provided insight into how the banks adhered to each identified ESG indicator. Another crucial component of the study is determining whether public and Private Sector Banks specifically comply with the key parameters prescribed in sustainability reporting standards, such as the GRI G4 guidelines and NVGs.

2.1. Global Reporting Initiatives

Global Reporting Initiatives is an international, independent non-profit organisation founded in 1997 by the United Nations Environment Program (UNEP) and CERES (a non-profit organisation in the United States) to promote a sustainable global economy by assisting corporate organisations in uniformly reporting their economic, ESG performance. It is a voluntary reporting framework for disclosure of the environmental and social performance of the business (Brown et al., 2009). GRI helps businesses measure, disclose, manage, and understand their impacts and identify strategic opportunities (Sethi, 2017). Presently, businesses worldwide predominantly use the GRI in SRP (Brown et al., 2009). According to KPMG International (2022), almost 96% of the world's largest 250 corporate organisations in over 100 countries have made ESG-based sustainable disclosure as per the GRI framework.

2.2. Overview of National Voluntary Guidelines

The NVGs provide a uniform framework for Indian corporate organisations irrespective of size, age, ownership, sectors, and geographies in order to achieve the triple bottom line and remain socially relevant. The Securities and Exchange Board of India (SEBI) made it mandatory in 2012 for the top 100 listed companies by market capitalisation to report based on the NVGs framework known as BRR. Subsequently, the requirement for BRR was extended to the top 500 listed companies from the financial year (FY) 2015–2016 and to the top 1000 listed companies from FY2019–2020 (Ministry of Corporate Affairs [MCA], 2020). The SEBI issued NVGs based on nine principles to harmonise the reporting practice in the Indian context in conformity with other internationally accepted SRP frameworks, which fulfil the interests of Indian stakeholders and are relevant to all Indian firms regardless of size or sector. In a nutshell, the NVGs serve as a platform for corporate organisations to showcase their sustainability practices and policies in the day-to-day business.

2.3. Overview of the Indian banking sector

The Indian banking system includes 12 public sector banks, 21 private sector banks, 44 foreign banks, 43 regional rural banks, 1485 urban cooperative banks, and 96,000 rural cooperative banks, as well as cooperative credit institutions with a network of over two lakhs automated teller machine (ATMs), 47.5% of which are in rural and semi-urban areas (Reserve Bank of India [RBI], 2022). The banking sector has evolved significantly since independence in 1947. In a middle-income economy like India, the banking industry, both public and private sectors, plays a role in facilitating credit, investment, and infrastructure (Kumar et al., 2016). Payment and small finance banks are two innovative banking models that have recently entered the Indian banking sector. India is currently focusing on expanding its banking sector's reach through various initiatives such as the Prime Minister's Public Finance Scheme (*Pradhan Mantri Jan Dhan Yojana* — PMJDY) and India Post Payments Bank (IPPB). It recorded over 65% growth in total banking assets during the last ten years (Statista, 2023). Of the 25 digital payment systems worldwide, India's Immediate Payment Service (IMPS), the only system at level five in the Faster Payments Innovation Index (FPII), has made the most progress. In recent years, India's Unified Payments Interface (UPI) has worked to revolutionize real-time payments while extending its global reach. The combined assets of the public and private banking sectors were $1,594.41 billion and $925.05 billion, respectively, in 2022. Bank credit grew at a compound annual growth rate (CAGR) of 0.62% from FY16 to FY22. Total credit extensions reached $1,532.31 billion as of FY22. Deposits increased at a CAGR of 10.92% from FY16 to FY22, reaching $2.12 trillion by FY22 (Indian Brand Equity Foundation [IBEF], 2023).

2.4. Mega-merger in the Indian banking sector

With the rapidly advancing technology and increased competition between corporations, mergers and acquisitions are the immediate choice and an effective strategy to penetrate new markets. Business entities frequently use this approach to expand their business into a new domain and overcome their unviable state. Banks, as the foundation of the economy, are frequently encouraged to merge to reduce financing costs, expand globally, provide more efficient services, synergies and economies of scale and create harmony, all of which benefit our country's wealth through increased monetary flow. Since 2004–2005, the sector has witnessed 145 mergers, with the majority in Maharashtra, followed by Gujarat and Andhra Pradesh (RBI, 2022). The RBI issued master directions on April 21, 2016, to streamline the process of private-sector bank mergers. According to the Guidelines, under Section 44A of the Banking Regulation Act of 1949, RBI has the discretionary authority to authorize the voluntary merger of two banking entities. In August 2019, the Government of India announced the mega-merger of ten public sector banks into four banks. In 2019, banking and financial services witnessed 32 merger and acquisition activities worth $1.72 billion (IBEF, 2022). A new dimension is accelerated in the sector through mergers and acquisitions, enabling banks to achieve a high ranking and tossing massive value to the shareholders.

Table 1. List of banks merged under the mega-merger scheme in 2019

Anchor bank	***Banks merged***
Punjab National Bank	United Bank of India and Oriental Bank of Commerce
Bank of India	Bharatiya Mahila Bank
Indian Overseas Bank	Sri Ram Finance
Indian Bank	Allahabad Bank
Canara Bank	Syndicate Bank
Union Bank of India	Andhra Bank and Corporation Bank
Bank of Boroda	Dena Bank and Vijaya Bank

Source: Authors' elaboration based on the RBI database.

2.5. COVID-19 and sustainability reporting

One could consider COVID-19 a "late lesson" from an early warning. Pandemic risk is increased by environmental degradation. The pandemic highlighted the vast potential for change and collective action within our societies during perceived emergencies. The integrity of the environment and human health are connected. Thus, a shift to a sustainable society and economy is required to safeguard human health. As the world begins recovering and rebuilding from the effects of COVID-19, it is clear that ESG considerations will play a critical role in ushering in sustainable and inclusive growth. During the COVID-19 pandemic, Adams and Abhayawansa (2021) investigated the call for integrating SRP frameworks to streamline SRP based on ESG principles and shift control over standard-setting to an investor-oriented private sector body. The study argued that financial materiality ought not to be viewed as an essential consideration in determining SRP. Zharfpeykan and Ng (2021) pointed out that SRP is more important for vulnerable stakeholders during COVID-19. Therefore, to make business organisations more environmentally and socially accountable, regulators must ensure that SRP follows environmental compliance and that initiatives towards resource conservation, emission reduction, and water use are maintained to meet environmental targets and goals. The government must also ensure that such reporting aligns with changing regulatory requirements. The banking organisation is promoting green products, considering the importance of sustainable development (Sharma & Choubey, 2022).

2.6. Hypotheses of the study

In view of the findings of the present literature and to address the objectives, the study hypothesized that:

H1: The reporting of environmental parameters is similar between public and private sector banks in India.

H2: The reporting of social parameters is the same between public and private sector banks in India.

H3: The reporting of governance parameters is similar between public and private sector banks in India.

3. RESEARCH METHODOLOGY

3.1. Data source

This study considers 33 scheduled banks in India, of which 12 are classified as public sector banks and 21 as private sector banks. The selection of 33 banks for the study is justified because these banks represent a large share of the banking sector. Public and private sector banks predominantly dominate the banking sector in India. The public sector banks alone account for about 70% of India's total banking sector assets. The public and private sectors jointly represent over 90% of the total banking assets (RBI, 2022). Selecting private and public sector banks in India for a study on SRP provides a comprehensive view of the banking sector's commitment to sustainability. Reports on both sectors offer a holistic understanding of how sustainability is integrated into the banking industry, considering ownership, governance, stakeholder interests, and regulatory influences. This comprehensive analysis yields valuable insights for various stakeholders, including investors, policymakers, and banks.

The required data on sustainability indicators related to the objectives of the current study have been sourced from sustainability reports, business responsibility reports, CSR reports and annual reports published by the selected public sector banks and private sector banks for the FY2021–2022 through the content analysis technique. The current investigation has been undertaken with the banking organisations (both public and private sectors) considering the following reasons: the banking sector is at the heart of the Indian economy and contributes significantly to gross domestic product (GDP); the inclusion of sustainability in banking has become critical to ensuring sustainable economic growth in any country (Achua, 2008). Following the mega-merger, the FY2021–2022 has been chosen to evaluate the SRP of Indian banking organisations and provide insight into SRP by the Indian banking sector after the COVID-19 pandemic under the BRSR reporting regime. While many studies on nonfinancial reporting practices in various sectors in developed and developing economies have been conducted, there needs to be more studies on SRP by banks in developing economies (Khan et al., 2009; Kumar & Prakash, 2019a). The non-financial reporting practices of the Indian banking sector are mostly unreported (Kumar & Prakash, 2017). This study investigates the extent to which Indian public sector banks and private sector banks report nonfinancial performance as part of their SRP in the post-COVID-19 scenario integrating GRI guidelines and NVGs under the BRSR reporting regime. Furthermore, the study adds to the literature on SRP, particularly in the post-merger context in India, and may help to stimulate advancements in reporting on sustainability in the banking sector.

3.2. Data analysis

Content analysis is used to focus on actual content (Miles & Huberman, 1994) and perform quantitative analysis on qualitative data (Morgan, 1993). Content analysis helps researchers quantify the qualitative information from different reports and policy documents to assess the degree of compliance or reporting performance (Gray et al., 1995; Kothari et al., 2009). Content analysis has been consistently used in the environmental reporting literature (Michelon & Parbonetti, 2012). In this study, the content analysis technique has been employed to extract qualitative data to quantify the degree of SRP following the recent studies conducted on SRP in the banking sector across the globe (Kumar & Prakash, 2019a; Moufty et al., 2024; Khan et al., 2009; Grassa et al., 2020; Michelon & Parbonetti, 2012; Ellili & Nobanee, 2022; Debnath et al., 2024).

In conformity with the research objectives, the selected banks' responsibility reports, sustainability reports, governance reports, and annual reports are examined for SRP parameters. These indicators were chosen in line with SRP guidelines like the GRI G4 guidelines, UNGC principles, and NVGs, as well as a review of prior literature on the topic of SRP in the Indian banking sector (Kumar & Prakash, 2019a; Mani, 2022). These indicators are classified under three broad ESG aspects.

First, the environmental parameter discloses how the banks address environmental concerns, including their environmental management policies and the disclosure of qualitative and quantitative information on environmental care (Ezhilarasi & Kabra, 2017; Sheehy & Farneti, 2021; Ezhilarasi, 2019). The social aspects measured the various social development practices of banks, which reflect on the broad areas of socially responsible banking activity for social upliftment and participation in community development and healthcare programs, educational and training programs, financial education initiatives, and providing access to financial services to disadvantaged and rural populations who lack knowledge and access (Mendez-Suarez et al., 2019). The governance parameters reflect the various strategies and policy guidelines about value and ethics in business, human rights, and gender equality (Ezhilarasi & Kabra, 2017; Scholtens, 2009; Ezhilarasi, 2019; Khan et al., 2021; Mogaji et al., 2021; Adu, 2022; Galletta et al., 2022; Pothisarn et al., 2023). Thus, the present study focused on SRP by Indian public sector banks and private sector banks, which specifically adopt the ESG parameters outlined in sustainable reporting standards like the GRI G4 guidelines and NVGs on business's social, environmental, and economic responsibilities. However, specific GRI G4 guidelines parameters irrelevant to the banking and financial services sectors were excluded from the study (Kumar & Prakash, 2019a). We have used a binary coding method to determine the overall level of sustainable disclosure score; 1 indicates that the indicator has been disclosed in the relevant report, while 0 indicates that it has not (Laskar et al., 2017).

4. RESULTS AND DISCUSSION

To investigate the extent to which banks report sustainability concerns in their nonfinancial report, we have identified three broad areas: the ESG aspects of SRP. These areas have been selected based on the existing studies on SRP in the banking sector (Kumar & Prakash, 2019a). Table 1 reports the nonfinancial sustainable performance of selected public sector banks and private sector banks concerning the ESG aspects of SRP. The total number of public sector banks and private sector banks disclosing information was counted for each sustainability indicator provided in Table 1.

Table 2 shows that the disclosure of environmental aspects tends to be restricted to reporting a policy statement on protecting the environment. Of the selected banks, 100% of public sector banks have reported environmental policy. However, when it comes to the disclosure of quantitative data regarding environmental care practices, only 58.33% of public sector banks disclosed the concerned information. In the case of the private sector, 71.43% have disclosed policies related to the environment. However, only 42.86% of private sector banks have disclosed quantitative information about environmental care practices. Compared to other environmental aspects disclosed in the nonfinancial reports, both public sector and private sector banks in India have very low implementation of environmental management systems.

Table 2. Disclosure based on ESG principles by the banks in India

ESG disclosure parameters	*% of total public sector banks (N = 12)*	*% of total private sector banks (N = 21)*
Environmental parameters		
Environment policy	100	57.14
Environmental management system	25.00	38.10
Reporting of qualitative data on environmental care	58.33	42.86
Reporting of quantitative data on environment care	100	57.14
Social development parameters		
Community development programs	100	100
Health care program	100	95.24
Training and education program	100	95.24
Financial literacy and financial inclusion program	100	100
Governance related parameters		
Policy for human rights	91.67	71.43
Policy for anti-corruption	91.67	71.43
Gender diversity	91.67	66.67
Policy for business ethics/values	91.67	61.90

Source: Authors' elaboration.
Note: Figures in % of number of banks.

In terms of social aspects of nonfinancial reporting, we noticed that Indian public sector banks and private sector banks have taken an active role in addressing the social parameters of SRP, with a majority of banks disclosing information about community development programs, financial literacy, and financial inclusion. Regarding the disclosure of governance indicators, there is a significant difference between the public sector banks and private sector banks, and public sector banks consistently outperform private sector banks.

All public sector banks have disclosed policies pertaining to human rights, anti-corruption, gender diversity, and business ethics/values (except one bank). However, 71.43% of private sector banks disclosed their human rights and anti-corruption policies. While 66.7% disclosed gender diversity policies, 61.90% of banks reported policies related to business ethics and values. The higher adoption rate of NVGs by public sector banks compared to private sector banks was the reason for the better performance of public sector banks regarding disclosure of environmental conduct and governance indicators.

To find significant differences in SRP based on ESG principles between public sector banks and private sector banks in India, we used appropriate statistical tests, such as the Student's t-test, to identify differences between two independent groups of small samples. The Student's t-test results showed that public sector banks (mean = 91.67) report more information about governance parameters than private sector banks (mean = 67.85, t-statistic = 10.44, p-value = 0.0019). Similarly, compared to private sector banks (mean = 70.83), public sector banks (mean = 52.38, t-statistic = 3.18, p-value = 0.0067), disclose a significantly wide range of information about environmental indicators. However, there is not a significant distinction between public sector banks (mean = 100) and private sector banks (mean = 97.62) in terms of social parameter disclosure t-statistic = 1.73, p-value = 0.1817. The findings of the study show that both public and private sector banks disclosed a wide range of social dimensions of nonfinancial reporting. However, disclosure of environmental and governance indicators is higher among public sector banks than private sector banks in India. A previous study noted that the increased compliance with NVGs and BRR disclosure by public sector banks has resulted in increased SRP (Kumar & Prakash, 2019a). Agnese et al. (2022) documented that type of ownership does not impact ESG reporting.

The study's second objective was met by examining the degree of sustainable disclosure in terms of the key indicators provided in NVGs and GRI standards by public sector banks and private sector banks. Even though BRR is now mandatory in India, 23 out of 31 selected banks have published BRR on their websites, representing 83.33% of public sector banks and 71.43% of private sector banks, respectively. This demonstrates the extent to which banks disclose their NVG-compliant practices. Table 2 depicts the level of NVG compliance in nonfinancial reporting by public sector banks and private sector banks in India for 2021–2022. Table A.1 shows that a greater percentage of public sector banks have adopted NVGs than private sector banks in the study period, i.e., FY2021–2022, which corroborates existing findings before the mega-merger (Kumar & Prakash, 2019a). While conducting content analysis, we discovered that, even though most banks have established a strategy to disclose nonfinancial performance under the nine core principles outlined in the NVGs, quantitative data in the form of numbers that could have conveyed the spectrum of practices undertaken for each principle have not been disclosed by the banks.

Principle 7 of NVGs, which relates to the formulation of public policies, has received the least attention from private banks, with 67.62% reporting. Additionally, Table 2 demonstrates that private sector banks have submitted fewer reports on the nine NVG principles than public sector banks. We discovered that even though the majority of the selected public sector banks and private sector banks have established policies for each of the NVGs' principles, around one-fifth of the banks selected have not carried out any independent audit by any internal or external agency or evaluation of the effectiveness of the policies.

Table A.1 shows a comparative picture of principles-wise sustainable reporting by public sector banks and private sector banks in 2021–2022. Table A.1 shows that the average percentage of nonfinancial reporting in the case of public sector banks is higher than that of private sector banks for all principles. To confirm that there is truly a difference in the NVGs-based nonfinancial reporting by public and private sector banks, two sampled t-tests were paired with the data (Mani, 2018). The hypothesized mean difference was taken as zero, and the alpha value was 0.05. The calculated p-values have been shown in the last row of Table A.1. The p-value is less than 0.05 in all principles of NVGs. This indicates that the null hypothesis is rejected in all cases. Thus, there is a significant difference in the disclosure of all nine principles between the public sector banks and private sector banks.

The GRI is the most widely used standard for SRP by organizations worldwide (Brown et al., 2009), and adopting GRI increases nonfinancial disclosure (Islam et al., 2016). Based on content analysis of sustainability reports, corporate responsibility reports, and annual reports of public sector banks and private sector banks, we discovered that GRI requirements in nonfinancial disclosure are still being implemented by fewer Indian banks. From the content analysis of annual reports of sample banks, we noticed that a limited number of banks had adopted GRI principles for SRP after the COVID-19 pandemic period, i.e., in the FY2021–2022 under the BRSR reporting regime.

Table 3 shows the SRP of public sector banks and private sector banks in India under the vital parameters laid down in GRI G4 guidelines. The GRI standards require quantitative disclosure of each indication specified in the GRI G4 standards, the most commonly employed comprehensive standards for SRP. Table 3 shows limited reporting in the Indian banking sector according to GRI G4 requirements. From the study, it emerged that the majority of public sector banks and private sector banks prefer to disclose information on social indicators. However, disclosure of environmental indicators is quite limited.

Table 3. SRP on specific indicators provided in GRI G4 standards by the banks in India

GRI G4 guidelines	*No. of public sector banks (N = 12)*	*No. of private sector banks (N = 21)*
Category: Environment		
Energy (E3–E6)	1	8
Emissions (E15–E19)	1	6
Effluent and waste (E23, E27)	1	5
Category: Labour practice and decent work		
Employment and benefits (L1–L3)	12	14
Labour/Management relation(L4)	8	6
Occupational health and safety (L6)	7	5
Training and education (L9–L11)	10	10
Diversity and equal opportunity (L12)	11	8
Labour practices and grievances mechanism (L16)	12	13
Category: Human rights		
Human rights investment (HR1–HR2)	0	5
Non-discrimination (HR3)	10	10
Child labour (HR5)	12	11
Forced or compulsory labour (HR6)	9	12
Indigenous rights (HR8)	0	5
Human right grievance mechanism (HR12)	10	10
Category: Society		
Local communities program (SO1, SO2)	12	18
Anti-corruption behaviour (SO3, SO4)	12	15

Source: Authors' elaboration.

As is shown in Table 3, Axis, HDFC Bank Limited, IndusInd, Yes Bank, IDFC First Bank, and State Bank of India (SBI) are the only banks reporting on the environment category of the GRI G4 specific standard. According to the report, the most prevalent sustainability practices implemented by public sector banks and private sector banks in India in 2021–2022 include financial inclusion, financial literacy, training and development, and gender parity programs.

5. CONCLUSION

Sustainability has gained momentum in global corporate reporting and evolved into a core business strategy, which is paramount to all stakeholders. The banking industry is vital in economic development in a developing country like India (Bapat, 2012). To advance to the next level of nonfinancial reporting and keep up with the growing trend of integrating sustainability into banking globally, the banking sector in India must incorporate SRP into its overall business plan. This study examined the SRP adopted by Indian public sector banks and private sector banks sector commercial banks during the FY2021–2022, based on NVGs and GRI principles. The analysis of the result demonstrates that sustainable disclosure practices related to environmental aspects were very low, and most of the sample banks have disclosed only internal environment-friendly practices such as e-banking, solar panels, less paper consumption, etc. We find that a greater percentage of public sector banks follow NVG principle-based reporting than private sector banks in the FY2021–2022. However, most banks under consideration are actively disclosing socially responsible practices such as healthcare programs, financial literacy, financial inclusion, training and education as part of their SRP. Sustainable disclosure on environmental and governance factors is significantly higher in public sector banks than in private sector banks. It was found that high-priority sustainability concerns such as financial inclusion, financial literacy, energy efficiency, and training programs offered by public sector banks and private sector banks are directly tied to their business activities. The increasing adoption of NVGs and the disclosure of BRR contributed to public sector banks in India disclosing more sustainability indicators than private sector banks. Findings revealed that adopting GRI standards in sustainable reporting is relatively low in public sector banks and private sector banks in India, which is similar to the findings of Kumar and Prakash (2019b). In FY2021–2022, content analysis reveals that a limited number of sample banks have adopted the GRI G4 standards in their SRP. Further, there has been a high disparity in disclosure across various indicators. The lowest reporting was done in the case of environmental indicators. Overall, the findings indicated that SRP in the Indian banking sector is still in its infancy, with the opportunity for further improvement in standardizing reporting practices.

This analysis offers insights into the sustainable reporting practices of Indian banks during COVID-19 under the BRSR reporting regime. Findings suggest that public and private banks should streamline their reporting and go beyond mandatory requirements to align with global standards. The study's unique evaluation after the Companies Act 2013 highlights the need for transparent and comprehensive SRP disclosures to fulfil societal responsibilities and make well-informed decisions.

This study investigated a broad range of SRP with an emphasis on the post-merger reporting era, which has substantial practical ramifications in the area of sustainable reporting by Indian banks but has some flaws. The sustainable reporting by the banking sector has been examined in this study for the post-merger reporting period, i.e., FY2021–2022. As a result, the outcome may reflect different images over time. Longitudinal studies may thus provide more insight into trends in the SRP by banking companies in India. Apart from public sector banks and private sector banks, the Indian banking sector includes regional rural banks, small finance banks and foreign banks, which were not considered in the study. The study only covers the types and magnitude of SRP by Indian public sector banks and private sector banks. The current study also ignored the economic indicators of SRP.

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APPENDIX

Table A.1. Disclosure of NVGs by the Indian banks (Figures in percentage, number of public sector banks = 12, number of private sector banks = 21)

Parameter	*P1 business ethics*		*P2 product responsibility*		*P3 employees welfare*		*P4 stakeholder engagement*		*P5 human rights*		*P6 environment*		*P7 public policy*		*P8 inclusive growth*		*P9 customer relations*	
	Public	*Pvt.*	*Public*	*Pvt.*	*Public*	*Pvt.*	*Public*	*Pvt.*	*Public*	*Pvt.*	*Public*	*Pvt.*	*Public*	*Pvt.*	*Public*	*Pvt.*	*Public*	*Pvt.*
Policy/policies for each principle of NVGs	100	86	100	81	91.7	86	100	86	91.7	86	91.7	81	75	57	100	86	91.7	86
Policy being formulated in consultation with the relevant stakeholders	83.3	86	91.7	86	91.7	86	91.7	86	91.7	86	91.7	86	75	71	91.7	86	83.3	86
Policy in conformity with national/international standards	100	86	100	86	100	86	100	86	100	86	100	86	83.3	71	100	86	91.7	86
Policy being approved by the board	100	86	83.3	86	91.7	86	83.3	86	91.7	86	91.7	86	83.3	71	83.3	86	91.7	86
Specified committee of the board/director/official for policy implementation	100	81	100	81	100	81	100	81	100	81	100	81	83.3	67	100	81	91.7	81
Indicate the link for the policy to be viewed online	91.7	86	91.7	86	91.7	81	91.7	81	100	81	91.7	86	83.3	71	91.7	86	83.3	86
Policy has been formally communicated to all relevant stakeholders	100	81	100	76	100	81	100	81	100	81	100	81	83.3	67	91.7	81	91.7	81
In-house structure to implement the policy/policies.	100	86	100	86	100	86	100	86	100	86	100	86	83.3	71	100	86	91.7	86
Grievance redressal mechanism to address stakeholders' grievances related to the policy	100	86	100	81	100	86	100	81	100	86	100	81	83.3	67	100	81	91.7	86
Independent audit/evaluation of the working of this policy by an internal or external agency	83.3	76	83.3	76	91.7	76	83.3	76	91.7	76	91.7	76	75	62	83.3	71	75	76
Average	95.83	83.81	95.00	82.38	95.83	83.33	95.00	82.86	96.67	83.33	95.83	82.86	80.83	67.62	94.17	82.86	88.33	83.81
Student's t-statistic	5.325		4.533		7.498		5.326		8.311		6.709		9.309		5.055		2.331	
P (T ≤ t) two-tail	0.0004		0.0014		0.0000		0.0004		0.0000		0.0000		0.0000		0.0000		0.0446	

Source: Authors' elaboration.