

## **CORPORATE SOCIAL RESPONSIBILITY - A CASE STUDY OF STATE BANK OF INDIA**

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### **ABSTRACT**

Corporate Social Responsibility (CSR) is an important feature of every business organization nowadays. The concept of Corporate Social Responsibility (CSR) has come into the policy landscape due to the new Company Bill 2012, which envisages a statutory responsibility on the companies of spending two percent of their profit on the non-business socially relevant activities primarily aimed at the localities where they are undertaking their business. This paper focuses on the strategies adopted by SBI in CSR and its impact on business. This research paper deals with the concept of Corporate Social Responsibility in Banking Industry particularly the sense of responsibility of State Bank of India (SBI) towards the upliftment of common masses and protection of the environment and development of the nation. Banking as a sector has been unique and the interests of other stakeholders appear more important to it than in the case of non-banking and non-finance organizations. Regarding the banking sector Bhatt (2008) stated that banks do not exist vacuum. They make a large contribution to the country's GDP growth, meet the demand of the growing middle class, contribute to infrastructure spending, and reach out to the semi urban and rural areas. The Reserve Bank of India (RBI) (2011) on stressing the need for CSR, suggested the banks to pay special attention towards integration of social and environmental concerns in their business operations to achieve sustainable development. The Banking Sector performing their banking services more effectively in comparison with the past and started working towards social banking that is Corporate Social Responsibility.

Keywords: Corporate Social Responsibility, SBI.

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In the present times of intense competition, the only survival strategy for the business is to grow. However, not only growth, Business is expected to create wealth, supply market, generate employment, innovate and produce a sufficient surplus to sustain its activities and improve its competitive environment. Corporate Social Responsibility (CSR) is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives ("Triple-Bottom-Line- Approach" i.e. profit, planet and people ) while at the same time addressing the expectations of shareholders and stakeholders. The origin of the CSR construct has been traced back to the works of Bowen, particularly his book Social Responsibilities of Businessmen published in 1953 (Valor, 2005). CSR is defined as the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society. At present, there is a visible trend in banking sector in promoting environment friendly and socially responsible lending and investment practices.

The Clause 135 of new Companies Bill seeks to make it mandatory for companies of a certain financial strength to spend at least 2% of their average net profit over three years on corporate social responsibility. As per the new norms, the two per cent spending on CSR is not mandatory but reporting about it is, also mandatory. The CSR norms are applicable to companies having either net worth of Rs 500 crores or more; turnover of Rs 1,000 crores or more; or net profit of Rs 5 crores or more.

### **Why SBI**

State Bank of India (SBI), with a 200-year history, is the largest commercial bank in India in terms of assets, deposits, profits, branches, customers and employees. SBI is ranked 60th in the list of Top 1000 Banks in the world by "The Banker" in July 2012. As of December 2012, it

had assets of US\$501 billion and 15,003 branches, including 157 foreign offices, making it the largest banking and financial services company in India by assets. That is why SBI has been selected for the present study.

### **OBJECTIVES OF THE STUDY**

- To have an insight into the amount spent by SBI on CSR in different years.
- To study the sector wise deployment of CSR expenditure.
- To know CSR initiatives undertaken by SBI Group.

### **RESEARCH METHODOLOGY**

The present study is a descriptive study relied mainly on secondary data sources. The data has been collected from various authentic sources such as SBI Annual reports, journals, websites and magazines.

### **CASE STUDY ANALYSIS:**

As a constituent component of society, each company owes its own existence to society. Consequently, no company can function as a going concern without contributing to the sustained development of society. The SBI Group has a strong awareness of the "social nature of companies" and the need to be a "strong and respected company." With this in mind, the SBI Group is actively conducting various corporate social responsibility (CSR) programs.

**Table 1: CSR Spending By State Bank of India**

Year	Amount spent on CSR (in INR crores)
2014-15	115.80
2015-16	143.92
2016-17	109.82

**(Source - SBI annual reports)**

By analyzing the table No.1, we can see that in the year 2014-15, the expenditure of SBI on different CSR activities were 115.80 crores, which increased to 143.92 crores in the year 2015-

16, but in the next year 2016-17 CSR expenditure 109.82 which is declined from the previous year, but cross 100 crore target sixth time. The Executive Committee of the Central Board has approved in August 2011 a comprehensive policy for Corporate Social Responsibility. The year 2016-17 saw the CSR activities of the Bank scaling new heights of achievement and glory by winning the prestigious Golden Peacock Award for Corporate Social Responsibility 2012, awarded in Dubai by the Institute of directors, New Delhi.

The breakup of sectoral deployment of SBI's CSR Expenditure during the year 2016-17 has been as under:

**Table 2: Sector wise Deployment of CSR Expenditure**

CSR ACTIVITIES	Amount (in crores)
National Donations	20.0
Supporting Education	3.57
Supporting Healthcare	47.57
Assistance to Underprivileged	1.57
Research and Development	7.61
Supporting Culture	3.12
Environment Protection	8.76
Other Projects	17.6
<b>TOTAL</b>	<b>109.82</b>

(Source – SBI annual reports)

In Table No.2, the expenditure on CSR activities is given based on different sectors. The total expenditure in the form of Donations is 109.82 crores. SBI, believe that they owe a solemn duty to the less fortunate and underprivileged members of the society to make a sustainable social change in their development.

From above, the focus areas for CSR activities in SBI are:

- **National Donations**

SBI has always been at forefront to help the States affected by natural calamities. During the year 2016-17, the Bank had lent its helping hand to the various states (affected by flood, cyclone and earthquakes). It has given donations of Rs 20 crores to the Chief Minister's Relief Fund of the respective states to provide help to the people affected by natural calamities.

- **Supporting Education**

In the field of education, for better governance and standards, Bank, has launched a project to transform and upgrade the outcome of education and educational infrastructure in 1300 schools run by the Municipal Corporation in partnership with the Municipal Corporation of Greater Mumbai (MCGM). SBI has drawn up a programme named "SBI Indi corps" for youth, which would give fresh graduates from colleges/institutions an opportunity to live in villages and work on development projects with reputed NGOs. To support school education and to bring happiness to millions of schoolchildren specially the underprivileged children, Bank provided 120,000 electric fans to 12,000 schools across India. During the year, the Bank also provided large number of buses/vans to needy schools. Preference has been given to schools for physically/mentally challenged children, and children belonging to economically weaker sections etc. SBI also assisted those with computers, furniture and other accessories

**SBI Youth for India Fellowship-** Bank has granted fellowship to educated youth and deployed them to rural areas to undertake innovative projects to address local problems of rural poor. SBI has touched upon many projects like Rural Employment Guarantee Schemes, IVRS helpline for farmers & fishermen, Career guidance, Enhancing marketability of farm produce, Education of rural youth through ICT, Environment protection, and many others.

- **Supporting Healthcare**

The focus of the Bank has been to help provide the basic infrastructure support to ameliorate the condition of the common person. Ambulances, medical vans to enable medical camps in remote areas and mobile blood collection vans and host of other medical equipment were donated to needy organizations/hospitals for speedy transportation of critical patients as well as to provide medical services to the remotest parts of the country.

The Bank had donated 95 such vehicles with an expenditure of 47.57 crores during the year. Medical equipment costing 6.10 crores were donated to need hospitals/healthcare institutions. Providing safe drinking water has always been a challenge for schools. SBI installed 13,600 water purifiers in various schools, ensuring clean & safe drinking water to millions of children in schools. SBI group of companies also provided school buses and ambulances for community.

- **Assistance to Underprivileged**

SBI have adopted girl children from underprivileged class and assist them financially for their education. Bank has adopted 17627 girl children. State Bank of India had donated Maruti Suzuki EECOs for orphaned and under-privileged children in Delhi as part of its corporate social responsibility (CSR). The vehicles will benefit around 100 under-privileged children. SBI has donated computers, inverters, bookshelves, dormitory almirahs and exhaust fans for 25 deprived children.

The SBI Group, through its belief in the utter importance of inspiring action on behalf of the children, who will shoulder Japan's future, has founded the SBI Children's Hope Foundation. It is actively involved in leveraging the networks and knowledge cultivated by the SBI Group as a private corporation, to assist in the development of self-reliance of abused children, and to foster improvements in child welfare. Between FY2005 and FY2012, the Foundation donated a total of ¥780 million towards these efforts for children.

The SBI Children's Hope Foundation has supported the Orange Ribbon Campaign, which raises public awareness of child abuse prevention. Every November, which is Child Abuse Prevention Month, SBI Group executives and employees wear orange ribbons to raise awareness of this issue within and outside the SBI Group.

The Bank has constituted SBI Children's Welfare Fund as a Trust in 1983. The Corpus of the Fund is made up of contributions by staff members and matching Contribution provided by the Bank. Grants are extended to institutions engaged in the welfare of underprivileged/downtrodden children like orphans, destitute, challenged and deprived, etc. During the FY 2016-17, 8 projects were assisted with 7.26 lacs.

- **Research and Development**

The Bank supports research work relevant broadly to the activities of the bank from its Research & Development Fund. The Bank makes an annual contribution of GBP 100,000 towards a Chair set up by the Bank jointly with RBI at the Asia Research Centre at London School of Economics.

- **Supporting Culture**

CSR has a special relevance for India as India has a rich and living spiritual heritage to complement the “analytical ethics” from the West with her “intuitive” or “being” or “consciousness” ethics and SBI has spent Rs. 1.15 crores on supporting cultural development in India during 2016-17.

- **Environment Protection**

SBI fully subscribes to and actively supports a Clean Environment Policy. To the extent possible, unnecessary printing is avoided and information and instructions are conveyed through secure electronic channel. The SBI Group manages an Environment and Energy Fund, which, as of the end of March 2010, has commitments for contributions amount totaling approximately ¥ 8.4 billion. The fund invests in Japanese and foreign companies that are associated with the environment and energy. As one of Japan’s largest venture capitalists, the SBI Group has an abundance of experience in investing in and nurturing venture companies in important fields such as information technology and biotechnology.

- **Other Projects**

The SBI Children’s Hope Foundation sponsors training for about 50 specially selected care workers at child care facilities, conducting separate programs in Eastern and Western Japan. The objective is to provide on-the job training programs that give personnel at facilities the knowledge and skills required to help abused children heal their emotional scars. SBI Life participated in Mumbai Marathon 2013 to support mentally challenged children through its CSR partner - Swayamsiddh.

SBI Graduate School, which is entrusted with certain in-house training primarily for new employees and offers self-motivated employees a place for training, provides an

opportunity for human learning through an emphasis on moral training with a key focus on enhancing people skills, in addition to a focus on intellectual training.

## **CONCLUSION**

To conclude, State Bank of India has a comprehensive CSR policy approved by the Board. They are concentrating mainly on education, balanced growth (different strata of society), health, environmental marketing and customer satisfaction as their core CSR activities. The SBI bank is found to be adopting an integrated approach by combining CSR with the ultimate customer satisfaction.

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