JETIR.ORG ISSN: 2349-5162 | ESTD Year : 2014 | Monthly Issue

JOURNAL OF EMERGING TECHNOLOGIES AND INNOVATIVE RESEARCH (JETIR)

An International Scholarly Open Access, Peer-reviewed, Refereed Journal

Sustainability Empowering and Corporate Social Responsibility in the Indian Banking Sector: A Case Study on SBI Bank

[1]Mr. Shaik Maqbool Basha, [2]Dr. Chokkamreddy Prakash

[1]Assistant Professor

[2]Assistant professor

[1]Department of MBA, Rao's Institute of Management Studies, Nellore, Andhra Pradesh, India.

[2]School of Management Studies, Guru Nanak Institutions Technical Campus, Hyderabad, Telangana, India.

Abstract: This study explores the integration of sustainability and corporate social responsibility (CSR) in the Indian banking sector, focusing on the State Bank of India (SBI). As a crucial part of India's economy, the banking sector increasingly acknowledges its role in promoting sustainable development and societal well-being through environmental, social, and governance (ESG) criteria. SBI exemplifies this commitment by implementing initiatives in rural development, education, healthcare, environmental sustainability, and financial inclusion. Notable projects include promoting rural skills, establishing a Hospital cum Medical College with the Indian Institute of Sciences, and rejuvenating lakes in Karnataka. The Reserve Bank of India (RBI) and the Securities and Exchange Board of India (SEBI) drive sustainable practices through regulatory frameworks. Despite challenges in balancing profitability with social responsibilities, sustainable banking practices offer long-term benefits, including enhanced reputation and risk management. This case study illustrates how SBI's CSR efforts align with sustainable development and ethical governance goals**.**

IndexTerms **- Sustainability, Corporate Social Responsibility, Indian Banking Sector, State Bank of India, Environmental, Social, and Governance, RBI, SEBI.**

I. INTRODUCTION

The Indian banking sector, a crucial component of the nation's economy, has increasingly recognized the importance of sustainability and corporate social responsibility (CSR). As financial intermediaries, banks hold a unique position to influence and promote sustainable development through their operations, lending practices, and community engagements. Sustainability in banking involves integrating environmental, social, and governance (ESG) criteria into decision-making processes to ensure that financial activities contribute positively to society and the environment.

Corporate Social Responsibility (CSR) in the banking sector extends beyond mere compliance with regulatory requirements. It encompasses a strategic approach to managing business processes to produce an overall positive impact on society. Indian banks have adopted various CSR initiatives aimed at promoting financial inclusion, supporting education, healthcare, and environmental sustainability. For instance, the State Bank of India (SBI) has implemented programs to promote rural development and environmental conservation [8].

The Reserve Bank of India (RBI) has also been proactive in encouraging banks to adopt sustainable practices. In its guidelines on priority sector lending, the RBI emphasizes the importance of directing credit towards sectors that have a significant impact on social and environmental development [5]. Additionally, the Securities and Exchange Board of India (SEBI) mandates listed companies, including banks, to disclose their ESG initiatives in their annual reports, promoting transparency and accountability [7].

The integration of sustainability and CSR in the Indian banking sector is not without challenges. Banks often face the dilemma of balancing profitability with social and environmental responsibilities. Moreover, there is a need for robust frameworks and standards to guide banks in implementing effective CSR and sustainability strategies. Despite these challenges, there is a growing recognition that sustainable banking practices can lead to long-term benefits, including enhanced reputation, customer loyalty, and risk management [3].

Sustainable CSR in the Indian Banking Sector

The Indian banking sector, a powerful driver of the country's economic growth, is increasingly recognizing the critical role it plays in creating a sustainable future. This movement integrates environmental, social, and governance (ESG) considerations into core business practices [6]. This approach aligns with the concept of Corporate Social Responsibility (CSR), which compels banks to act ethically and contribute positively to society beyond just maximizing profits [2].

In India, CSR gained significant momentum with the Companies Act of 2013, mandating specific CSR spending for certain companies [4]. This legislation, coupled with growing public awareness of sustainability issues, has pushed banks to embrace CSR initiatives that empower communities and promote environmental well-being.

The Reserve Bank of India (RBI) has played a key role in promoting CSR initiatives within the banking sector. In 2007, the RBI emphasized the need for banks to integrate social and environmental concerns into their operations and stakeholder interactions [1]. This directive has spurred significant growth in CSR activities undertaken by Indian banks.

II. NEED OF THE STUDY

The need for this study arises from the growing recognition of the crucial role that sustainability and corporate social responsibility (CSR) play in the Indian banking sector. As significant financial intermediaries, banks have a unique position to influence and promote sustainable development through their operations and community engagements. This study is essential to understand how banks, particularly the State Bank of India (SBI), integrate environmental, social, and governance (ESG) criteria into their business practices to achieve long-term benefits such as enhanced reputation, customer loyalty, and improved risk management. Additionally, it seeks to highlight the challenges faced by banks in balancing profitability with social and environmental responsibilities, thereby providing insights for policy makers, banking professionals, and stakeholders to develop robust frameworks and strategies for sustainable banking.

III. OBJECTIVES OF THE STUDY

1. To analyze how the Indian banking sector, with a focus on SBI, incorporates sustainability and CSR into its business operations, decision-making processes, and stakeholder interactions.
2. To assess the various CSR initiatives undertaken by SBI and their impacts on communities and the environment.

IV. RESEARCH METHODOLOGY

Research Design

This study employs a mixed-method research design to investigate the integration of sustainability and corporate social responsibility (CSR) in the Indian banking sector, with a specific focus on the State Bank of India (SBI). The research combines quantitative data analysis and qualitative case study approaches to provide a comprehensive understanding of SBI's CSR and sustainability initiatives and their impacts.

Data Collection

For this study purely we used Secondary Data

Analysis of SBI's annual reports, CSR reports, and sustainability disclosures will be conducted. This will include reviewing financial performance, CSR spending, and project reports.

A thorough review of existing literature on CSR and sustainability in the banking sector will be performed, focusing on regulatory frameworks, best practices, and case studies.

Data Analysis

Quantitative Analysis

Descriptive statistics will be used to summarize survey data, providing insights into the overall trends and patterns. Inferential statistics, such as regression analysis and hypothesis testing, will be employed to determine the relationships between CSR initiatives and their outcomes (e.g., financial performance, community impact).

Qualitative Analysis

Thematic analysis will be conducted on interview transcripts to identify common themes, strategies, and challenges in implementing CSR and sustainability practices. Content analysis of documents and reports will help in understanding the scope and impact of CSR activities.

V. HYPOTHESES

H1: There is a positive relationship between SBI's CSR initiatives and its financial performance.

H2: SBI's CSR initiatives have a significant positive impact on community development and environmental sustainability.

H3: Regulatory frameworks by RBI and SEBI significantly influence the CSR and sustainability practices of SBI.

H4: There are significant challenges faced by SBI in balancing profitability with social and environmental responsibilities.

Research Questions

- How does SBI integrate sustainability and CSR into its business operations and decision-making processes?
- What are the various CSR initiatives undertaken by SBI, and what are their impacts on communities and the environment?
- What are the challenges faced by SBI in implementing CSR and sustainability strategies, and how are these challenges addressed?
- What are the long-term benefits of CSR and sustainability practices for SBI in terms of financial performance, reputation, and risk management?

VI. DATA ANALYSIS AND INTERPRETATION

Manufacturing Capital

Manufacturing capital plays a crucial role in the successful operation of the Bank, as it enables it to provide efficient and effective services to its customers. The Bank heavily relies on manufactured capital, as well as physical infrastructure such as buildings and office equipment, to conduct its daily operations. By utilizing these assets, the Bank is able to create value for both its employees and customers by providing convenient access to its services.

Business Operations

Beyond its core focus on retaining the leadership position in the Indian market, the Bank is expanding its reach in overseas markets as a pioneer in international banking.

TABLE 1 National and international office locations

Locations	Number of States/ Countries	Number of branches
National	29	22,405
International	29	235

Domestic Presence

Within India, the Bank has unparalleled presence in all states and union territories and serves customers across different parts of the country. The Bank serves its customers through an extensive network of branches

TABLE 2 Domestic presence of the Bank

	Branches	ATMs (including ADWMs)
Rural	8,042	10,260
Semi-Urban	6,514	19,972
Urban	4,010	23,198
Metro area	3,839	12,197
Total	22,405	65,627

Global Presence

With presence in six continents, the Bank continued to expand its overseas network during FY23. The Bank's International Banking arm is a consistent contributor in transforming the industry landscape through its Overseas Banking Subsidiaries/Joint Ventures/Associates.

TABLE 3 Details of overseas offices

Overseas offices	FY23	FY22
Branches/ Sub-offices/ Other offices	56	55
Offices of eight subsidiaries	169	161
Representative offices	5	6
JVs/ Associates/ Managed exchange Cos/ Investments	5	5
Total	235	227

Financial Capital

SBI creates value for society and ensures sustainable development through its strategies. The hallmark of the Bank's financial performance has been consistent growth across all key metrics, which have helped consolidate its leadership position.

The Bank creates value through its various verticals. Its financial performance has seen constant growth across various business operations. The growth of the Bank's balance sheet is proportional to the growth of all the products it offer, like auto loans, education loan, personal loan, consumer durable loans and the liability and investment products.

TABLE 4 Economic value generated and distributed (INR Crore)

SBI's Economic Performance	FY23	FY22	FY21
Economic value generated			
Total income	3,68,719	3,16,021	3,08,647
Economic value distributed			
Operating costs (other than employee wages and benefits)	40,451	35,836	31,716
Employee wages and benefits	57,292	50,144	50,936
Payments to capital providers	10,084	6,336	3,570
Payments to government (net cash outgo on amount of corporate income tax)	12,677	3,529	151
Community investment	317	204	145
Total economic value distributed	1,20,821	96,049	86,518
Total economic value retained	2,47,898	2,19,972	2,22,129

TABLE 5 Bank's financial highlights, FY23

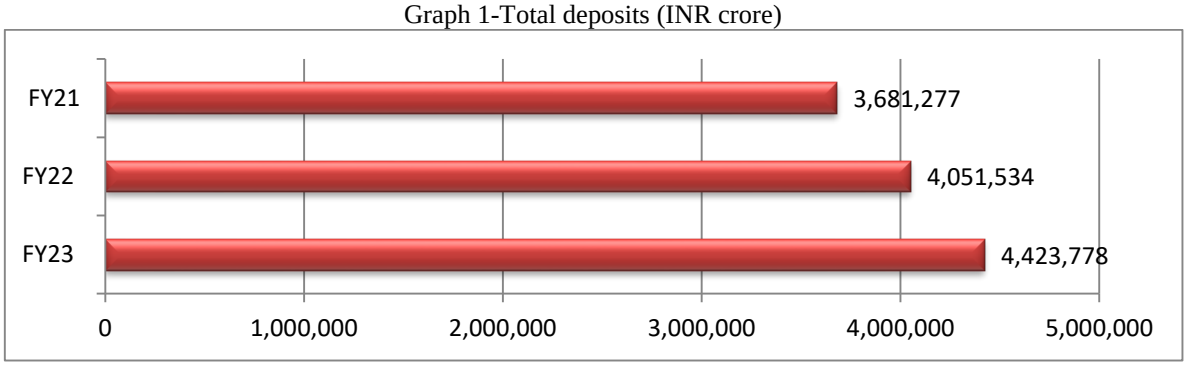
	Domestic offices (INR crore)	YoY growth %	Foreign offices (INR crore)	YoY growth
Advances	27,76,802	15.38	4,92,440	19.55
Deposits	42,53,571	8.5	1,70,207	29.6

TABLE 6 Other key indicators of financial performance

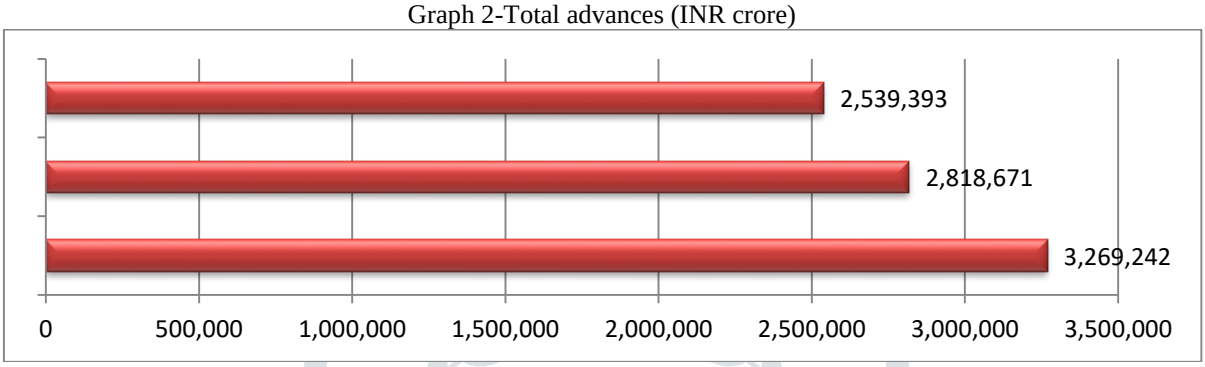
	FY23	FY22	FY21
Total deposits (INR crore)	44,23,778	40,51,534	36,81,277
Total advances (INR crore)	32,69,242	28,18,671	25,39,393
Market capitalization (INR crore)	5,23,250	4,40,474	3,25,123
Cost to income ratio (%)	53.87	53.31	53.6
Earnings per share (INR)	56.29	35.49	22.87

Return on equity (%)	19.43	13.92	9.94
Net profit (INR crore)	50,232	31,676	20,410
Dividend per share value (INR)	11.3	7.1	4

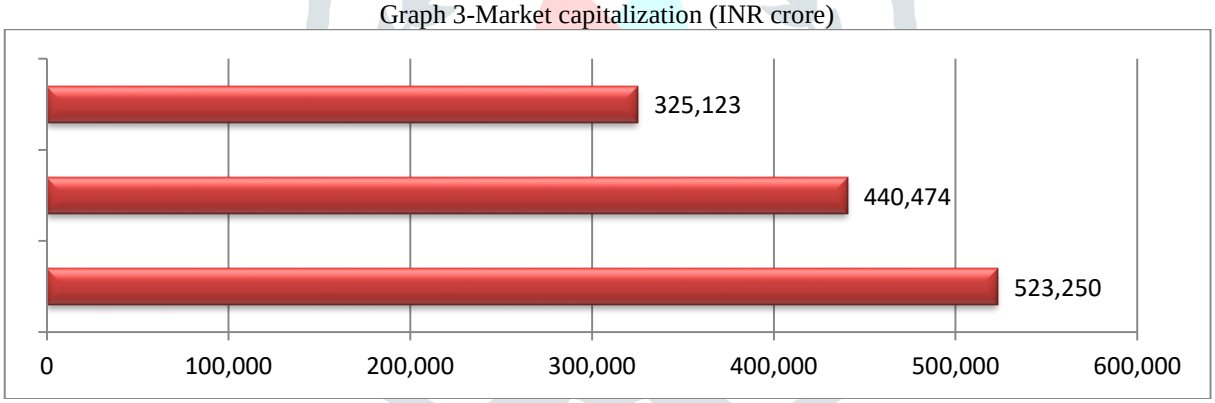
Graph 1-Total deposits (INR crore)



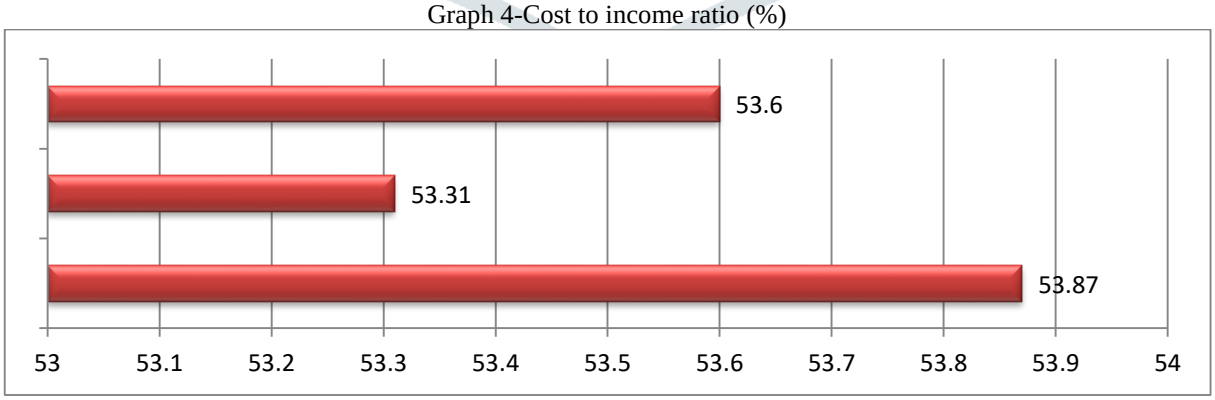
Graph 2-Total advances (INR crore)



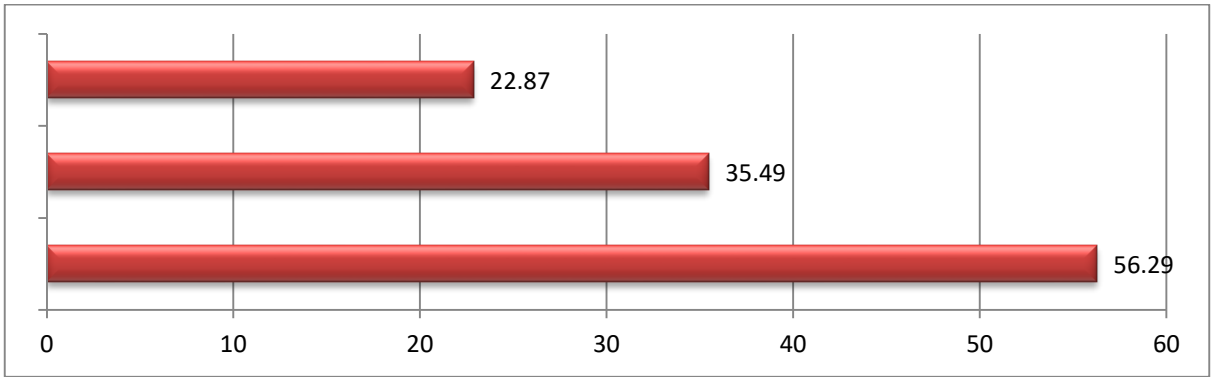
Graph 3-Market capitalization (INR crore)



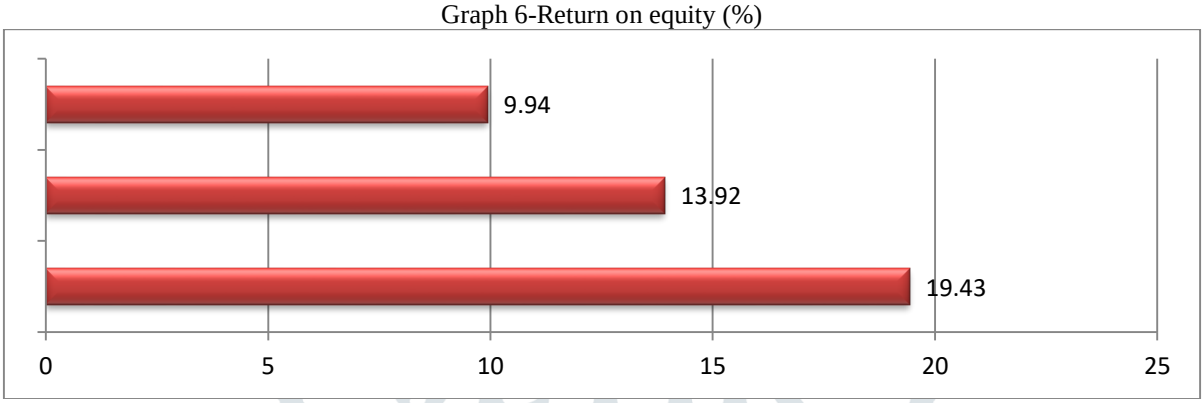
Graph 4-Cost to income ratio (%)



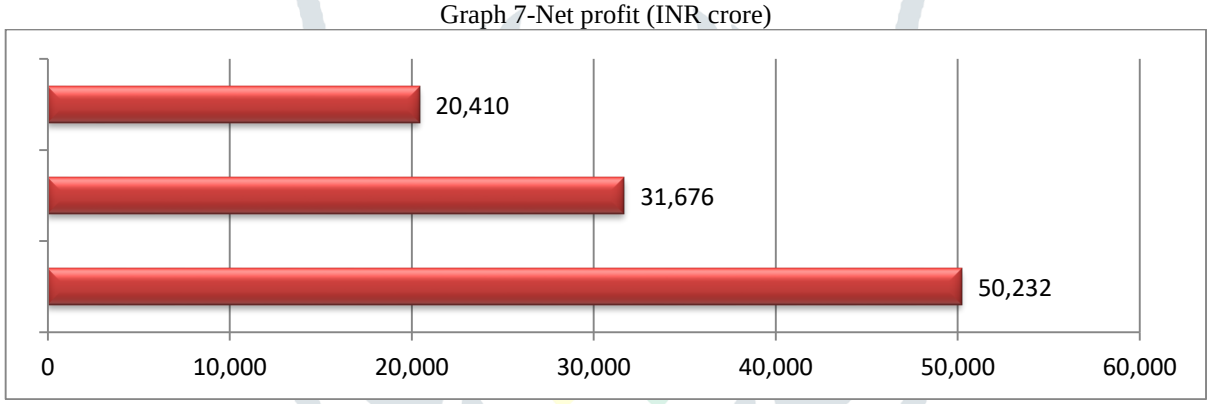
Graph 5-Earnings per share (INR)



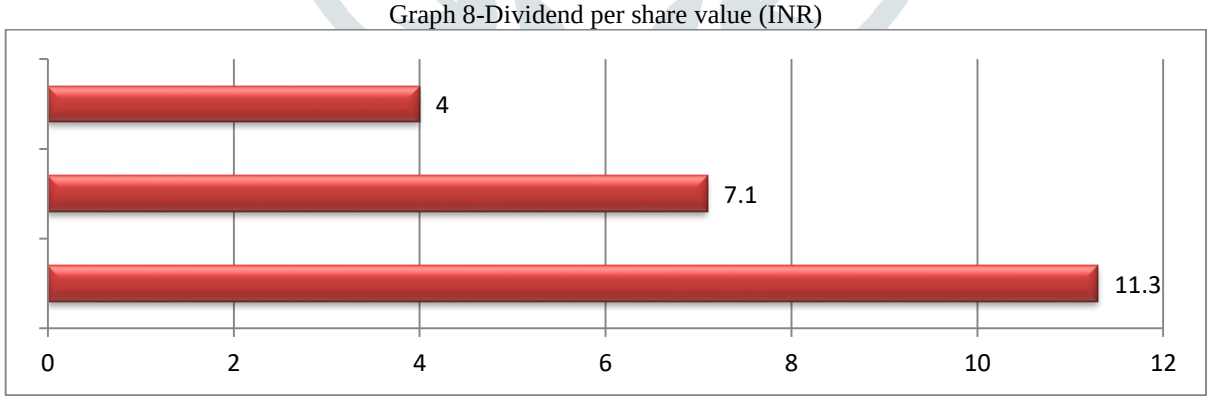
Graph 6-Return on equity (%)



Graph 7-Net profit (INR crore)



Graph 8-Dividend per share value (INR)



Human Capital

Human Capital remains the Bank's strongest and most valued asset as it helps in the fulfilment of duties and responsibilities while creating value for society. The Bank's workforce is highly experienced, dedicated, ethnically and academically diverse, and forms the backbone of the Bank's overall operation. The Bank's provision of incentives and a supportive infrastructure empowers its employees to access the necessary resources and opportunities for their professional growth and success.

TABLE 7 Employees by Category

Category	FY23			FY22			FY21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Officers	81,475	24,114	1,05,589	82,671	23,676	1,06,347	82,931	22,786	1,05,717
Associates	59,408	35,569	94,977	62,278	36,981	99,259	63,457	37,339	1,00,796
Subordinate and other staff	28,752	2,870	31,622	30,301	3,141	33,442	32,664	3,420	36,084
Contractual	3,140	530	3,670	4,092	1,110	5,202	2,868	187	3,055

Total	1,72,775	63,083	2,35,858	1,79,342	64,908	2,44,250	1,81,920	63,732	2,45,652

TABLE 8 Gender wise and age wise Break up of employees, FY23

	Male	Female	Total
<30 years	18,022	10,676	28,698
30 to 50 years	1,01,927	42,801	1,44,728
>50 years	52,826	9,606	62,432

TABLE 9 Turnover rate for permanent employees and workers

Turnover rate of permanent employees	FY23			FY22			FY21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
	5.30%	3.13%	4.72%	6.65%	4.02%	5.96%	6.67%	4.13%	6.01%

TABLE 10 Skill upgradation training for employees

	FY23			FY22		
Category	Total employees	Number	Percentage %	Total employees	Number	Percentage %
Male	1,72,775	1,54,245	89.27	1,79,342	1,47,129	82
Female	63,083	60,411	95.76	64,908	58,281	89.28
Total	2,35,858	2,14,656	91.01	2,44,250	2,05,410	84.09

Corporate Social Responsibility (CSR) is an essential aspect of the Bank's activities, reflecting its commitment to sustainable business practices and social responsibility. As a financial institution, the Bank recognises its impact on the environment, society, and the economy and strives to achieve a positive impact through its CSR initiatives

As a responsible corporate citizen, the Bank understands the significance of its vast geographical footprint across the nation and responsibility towards the communities it serves in the areas of its operations. Therefore, the Bank's initiatives are targeted towards different locations across the nation. At the heart of the Bank's mission is a commitment to help communities thrive. As a responsible corporate citizen, the Bank understands the significance of its vast geographical footprint and responsibility towards the communities it serves.

The Bank aims to have a significant and measurable impact on communities facing economic, physical, or social challenges across India, which it prioritizes through its CSR initiatives. The Bank has positively impacted the lives of millions of people in the country, and it strives to further improve its eminence as a socially responsible organization and create a meaningful impact on society. To ensure that its CSR initiatives are effective, the Bank, along with the Bank's CSR arm, conducts community assessments to identify the communities' needs and aspirations, ascertain any existing socio-economic issues, and allocate available resources. These assessments provide evidence-based inputs to design CSR projects that are responsive to the communities' needs and are aligned with the United Nations Sustainable Development Goals (UNSDGs). Further, the Bank regularly engages with communities through various channels and provides a grievance redressal mechanism to address any grievances and make necessary rectifications.

To oversee the community development initiatives, the Bank has constituted a Corporate Social Responsibility (CSR) Committee of the Board, which comprises two Managing Directors of the Bank and four Independent Directors. The Committee meets quarterly to evaluate the effectiveness of the Bank's CSR activities and propose methods to enhance the performance in this area. The Bank has directed its CSR efforts towards various areas, including healthcare, education, skill development, livelihood, and environmental sustainability. Additionally, the Bank focuses on rural and slum area development, protection of national heritage, animal welfare, and sports. Moreover, the Bank empowers senior citizens and entrepreneurs, with a special emphasis on uplifting and empowering women and youth.

TABLE 11 Sector-wise CSR spending by SBI in FY23

Education	11.10%
Women Empowerment	5.96%
Environment	17.55%
War Veterans	5.28%
Healthcare & Sanitation	24.78%
Protection of National Heritage	3.97%
Livelihood Initiatives	31.36%

Graph 9- Sector-wise CSR spending by SBI in FY23

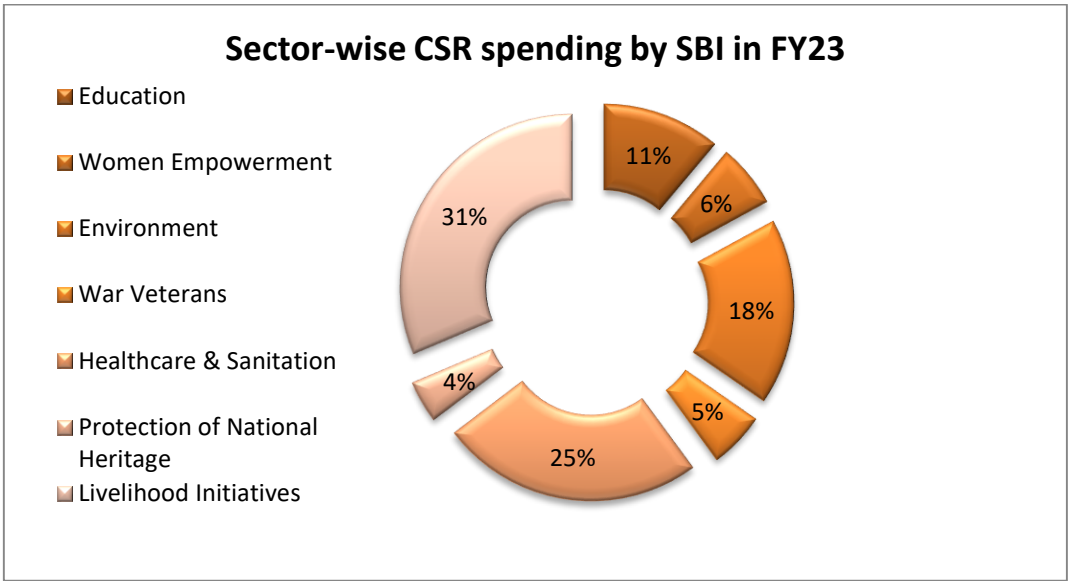


TABLE 12 Beneficiaries of CSR projects

S. No.	CSR project	No. of persons benefitted from CSR Projects
1	Education	15,89,294
2	Environment & Green Initiatives	8,14,562
3	Healthcare & Sanitation	18,51,173
4	Livelihood & Entrepreneurship	4,44,043
5	Protection of National Heritage	3,84,280
6	Sports	2,572
7	War Veterans	18,050
8	Women Empowerment	2,54,253

Some of Our Key CSR Initiatives

Healthcare

We partnered with the Indian Institute of Sciences (IISC), Bengaluru, to establish a new Hospital cum Medical College. A donation of ₹24 Crore will be provided to IISC over a period of 3 years to support the development of an Orthopaedic unit.

Under the Pradhan Mantri TB Mukt Bharat Abhiyaan, our Amaravati Circle supported 1,200 tuberculosis patients by covering their food expenses for six months. In addition to this, our Bhubaneshwar Circle adopted 4 blocks under the Ni-kshyay Mitra scheme, investing a total of ₹10.96 Lakh.

We also donated an amount of ₹1.59 Crore to Vision India Foundation - Trilochan Netralaya Trust, at Sambalpur, Odisha, for the procurement and installation of medical equipment at the community eye clinic, Jharsguda town. The community eye clinic provides free eye care treatment to patients.

Environment

As part of the Amrit Sarovar Yojana, we contributed ₹4.26 Crore to rejuvenate seven lakes in Kolar district, Karnataka.

We have demonstrated our commitment to environmental sustainability by donating 10 electric vehicles for transportation of patients and their dependents at AIIMS, New Delhi. We have also installed electric charging infrastructure to support this initiative.

Livelihood

We have provided support to individuals affected by the landslide in Joshimath by donating ₹2 Crore to the Uttarakhand State Disaster Management Authority, focusing on livelihood and rehabilitation efforts.

To promote rural skill development, we have contributed ₹30.11 Crore to SBI RSETI Societies for completion of construction, including building and boundary walls, as well as acquiring essential training equipment.

We have donated ₹2 Crore to the iTNT hub (Tamil Nadu Technology hub), an incubator that receives support from the State Government. The vision of iTNT hub is to establish a governance model as a Public-Private Partnership (PPP), ensuring government oversight while being bolstered by the collective strength of academia and industry. The hub aims to foster the growth of 200 new start-ups and empower 200 innovators within the first five years of its operation.

We have also extended our support to the victims affected by floods in the states of Assam, Andhra Pradesh, and Telangana. Our Guwahati, Amaravati, and Hyderabad Circles have provided essential relief aid, including groceries to the underprivileged residents of the flood-affected villages. This assistance aims to alleviate their hardships and contribute to their recovery process.

Women Empowerment

We have made a donation of ₹87.22 Lakh to the Bhartiya Sankalp Path Foundation, Lucknow Circle, for the procurement and distribution of 100 laptops and 1,305 sewing machines to women who completed skill training under the flagship programme 'Pradhan Mantri Kaushal Vikas Yojana' (PMKVY).

Protection of National Heritage

We actively participated in the Har Ghar Tiranga campaign by distributing flags to underprivileged sections of society. Approximately, ₹1.75 Crore has been invested in the distribution of around 5,00,000 flags.

We have supported the repairs and renovation of heritage buildings located in Connaught Place, New Delhi, through a donation of ₹3.19 Crore to the Indian National Trust for Art and Cultural Heritage (INTACH).

Armed Force Veterans

SBI has donated ₹2.00 Crore to the Armed Forces Battle Casualties Welfare Fund and ₹3.30 Crore to the Army Central Welfare Fund. These contributions aim to financially support Palliative Care Centers in Delhi Cantt and Jalandhar.
An advanced life support ambulance has been procured for Army Hospital (R&R), New Delhi, with a donation of ₹94.94 Lakh to support armed forces veterans, battle casualties, and their dependents.
Swacchhata Pakhwada
We actively participated in the Swacchhata Pakhwada campaign, organised by the Government of India. The Bank conducted various cleanliness activities such as surrounding cleanups, beach cleaning, distribution of Jute bags, no-plastic campaigns, and construction of toilets across the country during the months of September-October 2022 and January 2023.

VII. FINDINGS

- SBI has effectively integrated sustainability and CSR into its business operations. This includes adopting environmental, social, and governance (ESG) criteria in its decision-making processes.
- SBI's commitment to sustainability is demonstrated through various initiatives such as promoting rural development, healthcare, education, environmental sustainability, and financial inclusion.
- SBI has partnered with the Indian Institute of Sciences (IISC) to establish a Hospital cum Medical College, donated to Vision India Foundation for eye care equipment, and supported TB patients under the Pradhan Mantri TB Mukt Bharat Abhiyaan.
- SBI contributed to rejuvenating lakes in Karnataka and donated electric vehicles to AIIMS, New Delhi.
- SBI supported individuals affected by natural disasters, promoted rural skill development through RSETI Societies, and contributed to the iTNT hub for start-ups.
- Donations were made to provide laptops and sewing machines to women who completed skill training.
- SBI supported the renovation of heritage buildings and participated in the Har Ghar Tiranga campaign.
- Donations were made to the Armed Forces Battle Casualties Welfare Fund and the Army Central Welfare Fund.
- SBI's financial performance has shown consistent growth across key metrics, with significant contributions from both domestic and international operations.
- The bank's total income, deposits, and advances have seen year-on-year growth, along with improvements in market capitalization and return on equity.
- SBI's workforce is diverse and extensive, with significant investments in employee training and development.
- The bank has shown commitment to gender diversity and has provided extensive skill upgradation training for its employees.
- The Reserve Bank of India (RBI) and the Securities and Exchange Board of India (SEBI) have played crucial roles in promoting sustainable practices within the banking sector through regulatory frameworks and guidelines.
- SBI faces challenges in balancing profitability with social and environmental responsibilities. Implementing effective CSR and sustainability strategies requires robust frameworks and standards.

VIII. CONCLUSION

The study concludes that the State Bank of India (SBI) exemplifies a successful integration of sustainability and corporate social responsibility (CSR) within the Indian banking sector. Through a comprehensive array of initiatives in healthcare, education, environmental sustainability, rural development, and financial inclusion, SBI has demonstrated its commitment to ESG criteria and the broader goals of sustainable development.
SBI's CSR activities have had a significant positive impact on communities and the environment, aligning with the United Nations Sustainable Development Goals (UNSDGs). These initiatives not only enhance the bank's reputation but also contribute to long-term benefits such as improved risk management, customer loyalty, and financial performance. However, the bank must continue to navigate challenges in balancing profitability with its social and environmental responsibilities. The regulatory frameworks provided by RBI and SEBI are crucial in guiding and supporting banks like SBI in their sustainable development journey. Overall, SBI's approach to CSR and sustainability serves as a model for other banks in India and globally, highlighting the importance of integrating ethical governance and responsible business practices to achieve sustainable growth and societal well-being.

REFERENCES

[1] CORPORATE SOCIAL RESPONSIBILITY: AN ANALYSIS OF INDIAN COMMERCIAL BANKS - IIBF (https://www.iibf.org.in/documents/CSR%20Policy%20updated%2020th%20December%202019.pdf)
[2] Indian Institute of Banking & Finance. (n.d.). CORPORATE SOCIAL RESPONSIBILITY: AN ANALYSIS OF INDIAN COMMERCIAL BANKS. [link to CORPORATE SOCIAL RESPONSIBILITY: AN ANALYSIS OF INDIAN COMMERCIAL BANKS ON Indian Institute of Banking & Finance iibf.org.in]
[3] KPMG. (2022). Sustainability and CSR in the Banking Sector: Opportunities and Challenges. Retrieved from https://home.kpmg/in/en/home/insights/2022/01/sustainability-csr-banking-sector.html
[4] Ministry of Law and Justice, Department of Legal Affairs. (2013). The Companies Act, 2013 (Act No. 18 of 2013). [link to The Companies Act 2013 ON Ministry of Law and Justice, Department of Legal Affairs corporativaffairs.gov.in]
[5] Reserve Bank of India (RBI). (2020). Priority Sector Lending – Targets and Classification. Retrieved from https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=11939
[6] Reserve Bank of India. (2016). Sustainable Banking Principles [PDF]. (Central Bank of the Islamic Republic of Iran). Retrieved from [link to RBI Sustainable Banking Principles PDF ON Reserve Bank of India rbi.org.in]
[7] Securities and Exchange Board of India (SEBI). (2021). Business Responsibility and Sustainability Reporting by Listed Entities. Retrieved from https://www.sebi.gov.in/legal/circulars/may-2021/business-responsibility-and-sustainability-reporting-by-listed-entities_50096.html
[8] State Bank of India (SBI). (2023). Corporate Social Responsibility. Retrieved from https://www.sbi.co.in/portal/web/corporate-governance/csr-policy.