

Business Standard

SBI in 'Hall of Shame' of banks funding cluster bomb makers

SBI has been included in the list because of its exposure to Orbital ATK, a US-based company specialising in ammunition

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State-run banking behemoth SBI has been named in a 'Hall of Shame' list of 158 banking and financial institutions globally that have invested billions of dollars in companies making cluster bombs.

State Bank of India (SBI) is the only Indian entity on the list, which includes global giants like JP Morgan, Barclays, Bank of America and Credit Suisse that invested over USD 28 billion in seven producers of cluster munitions between June 2012 and April 2016, according to a report by Dutch campaign group PAX.

While SBI said it "always works in accordance with local laws and regulations" and there is "no prohibition, whatsoever either in US or in India to finance such commercial projects", PAX said the investments have been made in these cluster bomb producers despite an international ban.

In its 275-page report, PAX said the Convention on Cluster Munitions (CCM) categorically bans use, production, stockpiling and transfer of cluster munitions.

This convention was signed by 94 countries in 2008 and it came into force from August 1, 2010.

Most financial institutions named in the Pax list are from countries that have not signed this convention. However, there are also banks from the countries that have adopted this treaty over years.

The maximum number of 74 banks are from the US, followed by China (29) and South Korea (26).

SBI has been included in the list because of its exposure to Orbital ATK, a US-based company specialising in the design, manufacture and launch of small and medium-class space and rocket systems for commercial, military and other government customers.

Orbital ATK is one of the world's largest manufacturers of ammunition and a leading supplier of precision systems and electronic warfare. The company is also active in propulsion systems, the report added.

Pax said "State Bank of India (India) has made an estimated USD 87 million available to the companies on the red flag list since June 2012."

When contacted, an SBI spokesperson said, "The syndicated deal was arranged for Orbital ATK Inc by major global banks -- Wells Fargo Securities LLC, BoA Merrill Lynch, Citigroup JP Morgan, Bank of Tokyo-Mitsubishi, SunTrust Robinson Humphrey among others."

"The mandated joint leaders had conducted due diligence and completed compliance procedures on the lender company.

"To achieve its business growth objectives, SBI participates in syndicated credit deals to finance projects across the globe. SBI always works in accordance with local laws and regulations and would like to confirm that there is no prohibition, whatsoever either in US or in India to finance such commercial projects," the spokesperson said in a statement.

Pax said its earlier 'Hall of Shame' list published in 2014 had 151 financial institutions. Of these, 112 financial institutions are still in the 2016 list and 34 have been removed, while 44 new ones have been included.

It further said these 158 financial institutions invested more than USD 28 billion in the seven cluster munitions producers -- China Aerospace Science and Industry (China), China Aerospace Science and Technology (China), Hanwha (South Korea), Norinco (China), Orbital ATK (US), Poongsan (South Korea) and Textron (US).

These financial institutions provided loans for at least USD 6.3 billion, provided investment banking

services worth at least USD 9.1 billion and owned or managed shares and bonds worth at least USD 13.0 billion.