

Education As A Keystone Of Corporate Social Responsibility In The Corporate Sector: Challenges And Path For Development

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ABSTRACT

Some Indian corporates are strongly involved in philanthropic projects and focus on educational sector as the part of their Corporate Social Responsibility, many drives are implemented by corporates in joint collaboration with non-governmental organizations who are very comfortable in working with the local communities and are experts in handling particular social issues. According to Schedule VII of Companies Act 2013, promotion of education is regarded as Corporate Social Responsibility policy of company even though several major corporates running their businesses for profit making by marketising the education. The challenges in the education sector related to accessibility, quality, retention, low capacity of teachers, enrolment, girl enrolment and retention issues, skill building etc. have serious consequences on the growth and progress potential of the country. These challenges require concrete efforts towards this corporate help can accelerate education reform and bring about the much needed social development. This research tries to investigate the role of educational institutes and corporates to surpass the Corporate Social Responsibility for creating best human capital and also explores the importance of CSR for promoting education and different drives of the companies in education sector as a corporate responsibility to help the educational sector.

Keywords: Education, CSR, Indian Companies, Development, Challenges

INTRODUCTION

The Companies Act, 2013 unfurled doors for corporates to favourably impact the society and developing a positive alliance with stakeholders by obligating CSR for a certain set of companies. The Companies Act 2013 provides obligatory contribution towards Corporate Social Responsibility with education being stated as an eligible activity. The educational sector has been the main beneficiary of this obligatory CSR provision resulting in better funding for the educational institutes. Recognizing the role of the Indian companies is significant in improving the condition of educational institutes. Few private companies have jointly collaborated with the Government to make that ultimate dream of providing quality education in India come true. This is also because education becomes the stepping stone for the country's economic growth and improved adoption of other government interventions.

The Constitution of India lays down education as accountability of the Central and State Government. The Indian courts have stated that CSR efforts should suffice as a motivation for the government to implement the fundamental rights specially Article 21 of the Constitution of India. The 'Right to Education' is merged into the 'Right to Life.' The Article 21A precisely recognises the Right to Education as a free and compulsory fundamental right. It comprises of the right of each and every child for free education up to 14 years of age in spite of social and economic issues. Article 15, 17 and 46 protects the scholarly interests of the vulnerable sectors of the Indian society i.e. educationally and socially backward classes of citizens and SC and ST's. Under Article 46, the federal government is accountable for the economic and academic advancement of the SC's and ST's. Articles 30, 330, 332, 335, 338, 342 and 5th and 6th Schedules of the Indian Constitution dealt with specific sections for execution of the goals mentioned under Article 46. These laws are required to be used for the advantage of the vulnerable sector of the Indian society. The Parliament has the absolute rights to enact

legislation in respect of sectors as expressed in entries 63, 64, 65, and 66 of the Union List which gives power towards Indian Government in education.

Corporates play a major role in attaining their goals by a way of strategies of CSR activities to sustain their corporation. The strategies that are in which the corporates use their funds for attainment of their goals are critically analysed. The article analyses the study of emerging and challenging trends of corporate sector in promoting education through Corporate Social Responsible activities in India and the investigation of actual amount spend for promotion of education in Indian companies.¹

The Companies Act 2013 provides obligatory input towards CSR with education being set as a qualifying criteria. The educational system became the primary beneficiary of the statutory CSR provisos leading to intensified funding for the corporates. Corporate Social Responsibility in Education primarily includes marks to upgrade education, scholarships and expanding approach to education.² There is however a dark phase continuing in India in which there are more than 8 crores children who are compelled to work rather than going to university or despite being educated, 11.4% students are still jobless. The dropout ratio is inadequacy of standard education and less technical progress education in India. In the previous 5 year span, the education system gained large amount of funding from corporate through CSR.

Indian Corporate Social Responsibility fund has been utilized most importantly for education followed by rural development and health between the financial years 2016 to 2017 and 2020 to 2021 according to the information from the Ministry of Corporate Affairs.³ During this five year period, the education sector received INR 29,918 crore in CSR funds, while the health sector received INR 2,0716 crore and rural development and related schemes received INR 9,820 crores. India's National Education Policy 2020, the leading education strategy of the 21st century aims to change Indian education sector is timely in its release and response to the worldwide targets and momentum on SDG 4.⁴

The NEP is anticipated to put India on track to attain SDG4 of the 2030 agenda for sustainable economic growth by offering comprehensive and equitable education and assuring lifelong learning possibilities for everyone. It discloses that accomplishing SDG4 will need the whole education sector to be redesigned to attain all critical targets and SDGs. The Education 2030 plan was adopted in 2015 to "guarantee comprehensive and fair qualitative education and upgrade lifetime learning possibilities for all" by 2030. Prior to the pandemic, the world was notably off-track to achieve the SDG Goals and due to the COVID – 19, few advancements made in the education system vanished. Education was extremely rattled globally as the students and learners were affected the most.⁵

COMPANIES PROMOTING EDUCATION THROUGH CSR

1) India's highest saleable automated product, Maruti Suzuki has enforced many Corporate Social Responsibility drives in the areas of education. It is working on skill advancement in automated trade and advancement of Government ITIs by giving high – tech and manufacturing training to the youngsters. From 31 March 2017 till now, the corporates has adopted over 141 state run Industrial Training Institutes universities around 27 states to convert them into the core of supremacy in their own areas.⁶

2) Ultratech Cement Limited

The company contributed to the Corporate Social Responsibility by pitching in towards School Education agendas through enrollment awareness programs, scholarships, quality of education, specialised coaching and midday meal plan. Almost 9,500 children are registered at 250 anganwadis that the company support.⁷

3) Oil and Natural Gas Corporation Limited

ONGC has adopted a broad range of initiatives towards the advancement of education by strengthening educational framework in India through building of classrooms, providing potable water facilities for school

¹ S Vijayakumar K. Ganesamurthy Morarji A. , Contribution Of CSR activities for education in Indian Companies : An Analysis , Feb 2020.

² Government of India, Ministry of Corporate Affairs, Report Of The High Level Committee On Corporate Social Responsibility 2018 , Aug 2019.

³ National CSR Portal, About: National CSR Data Portal, Ministry of Corporate Affairs .

<https://opengovasia.com/national-csr-data-portal-and-corporate-data-portal-launched-by-indias-ministry-of-corporate-affairs/>.

⁴ Urvashi Sahni , India's National Education Policy 2020: A reformist step forward?, Global Development commons , Oct 2, 2020, <https://gdc.unicef.org/resource/indias-national-education-policy-2020-reformist-step-forward>.

⁵ United Nations , Impact of COVID-19 on Sustainable Development Goals progress: a statistical perspective, Department of Economic and Social Affairs Economic Analysis, Aug 27, 2020.

⁶ The CSR Universe , Maruti Suzuki spends over Rs 140 Cr on CSR in FY 20-21; Focus on Education & Health, 02 Dec , 2021, <https://indiacr.in/tag/csr-of-maruti-suzuki>.

⁷ The India CSR, UltraTech Cement spends Rs. 120 Cr for CSR in FY 2020-21, <https://indiacr.in/ultratech-cement-spends-rs-120-cr-for-csr-in-fy-2020-21>.

students and building of school washrooms which has led to favourable enrollment and attendance results. In its attempt to strengthen approach to quality education, digital classrooms have been instituted in schools all over the country thus making digital education a reality today.⁸

4) UpGrad

UpGrad was set up in 2015 by Mayank Kumar, Phalgum Komapalli, Ravijot Chugh and Ronnie Screwvala. It is an online hi –tech program that provides higher education programs. It gives a huge learning opportunity through the current technology that provides well designed courses.⁹

5) Akzo Nobel India Limited

The company in collaboration with Education Department of Government through its informal schools extended to back education to 6,450 underprivileged children in 6 cities of India. Due to the ongoing pandemic outbreak, the classes were organised through digital channels and home tuitions by the teachers. The procedure was to link the digital divide and to make sure the continuity of education for underprivileged children by the company which provided automated tabs to the children to increase the accessibility of education to the underprivileged children through digital medium.¹⁰

6) CNH Industrial's Private Limited educational support to underprivileged students

CNH Industrial Pvt Limited disclosed that they have additionally broadened their CSR drive to promote the education of socially and financially deprived students with 3 programs in India. Collaborating with the NGO Buddy 4 Study, Project Unnati seeks to give economical help to 70 school students from 30 Industrial Training in Gurgaon and Noida who have practically experienced noteworthy financial difficulty because of the COVID-19. It also comprised of mentorship plan whereby the employees of the company will mentor the students with their skills, expertise and trained professionals.¹¹

LANDMARK JUDGEMENTS

M/S Kerala State Industrial Dev Corporation Ltd vs The Acit, Trivandrum¹²

In the present case the assessee company funded the scholarship for agenda 'Free education for child' and added as a claim under 'deductions' under Income Tax Act as a Corporate Social Responsibility activity. However the Assessing Officer disallowed the claim. When the decision of AO was appealed, the Commissioner of Income Tax decided that the decision taken by the AO was misguided as giving educational scholarship to vulnerable section of society for the upliftment of the society fulfills all the criteria of CSR expenses and hence the claim of 'deductions' would be allowed. In the current case the CIT decided that AO decision was misguided and detrimental to interests of revenue and directed the Assessing Officer to disallow the CSR expenses claimed.

M/S Shree Saibaba Construction vs Cit-Iv, Nagpur¹³

In the present case the assessee having a business of undertaking civil construction contracts filed his ITR under certain expenses of CSR heads one of them being education. The AO had passed the assessment order without making any enquiry in respect of the allowability of the claim of Corporate Social Responsibility which was very arbitrary in nature. The AO had disallowed the claims either partially or fully. The CIT wrongly supported the decision of AO in the present case. However the High Court while deciding stated that the decision by the CIT was erroneous in nature and detrimental to the law of fairness and set their decision aside allowing the claims of the assessee.

Dy. C.I.T.1(1), Bilaspur(Cg) vs Jspl., Raigarh(C.G)¹⁴

In the present case the assessee, a subsidiary of Jindal Steel & Power Limited stated that the expenses incurred by the assessee company on education activity which was related to CSR activity and should be allowed as an expenditure u/s.37 of the Income Tax Act being an CSR expenditure. However the CIT allowed only part claim

⁸ The Economic Times, RIL, ONGC on top-100 global list for education CSR spending, Apr 28, 2015, <https://economictimes.indiatimes.com/news/company/corporate-trends/ril-ongc-on-top-100-global-list-for-education-csr-spending/articleshow/45914331.cms>.

⁹ The CSR Journal, Latest Education CSR Initiatives in India, The CSR Journal Oct 18, 2022.

¹⁰ The Economic Times, Akzo Nobel India Wins Golden Peacock Award for Corporate Social Responsibility 2016, Jan 23, 2017.

¹¹ CNH Industrial Corporate, CNH Industrial pledges educational support to underprivileged students in India through three initiatives, Jun 13, 2022, <https://thecsrjournal.in/cnh-industrial-pledges-educational-support-to-underprivileged-students-in-india-through-three-initiatives/>.

¹² I.T.A. No.142/Coch/2017

¹³ ITA no. 292/Nag./2014

¹⁴ ITA No.210/RPR/2014.

of the whole expenditure and disallowed rest of the claim of the whole expenditure stating that the purpose of contribution to the trust appears to be not more than for altruistic consideration, apart from reducing the tax liability. A donation made to a charitable trust may make the appellant company entitled to relief u/s 80G of the Income Tax Act, subject to fulfillment of requirements of said section, but it cannot get deduction u/s 37(1) of the Income Tax Act without proving any direct nexus or business expediency as onus in this respect lies on it and the High Court decided in favour of the CIT in this case.

ISSUES AND CONCERNS

As per the needs of the Indian companies to invest at all positions of education, it is important to diagnose the issues and understand the CSR area of interest in achieving viable, extensible and poignant education structures to help push the country's financial growth and address the problem affecting the sector.

1. The main issue of educational sector in India is the gap between the demand and supply of teaching staff. In India the ratio of teacher and student is on an average of 30:1 which should be ideally 10:1 according to the other countries. So there is huge requirement of more teaching staff which will provide proper time, attention and skills to the students. Currently there are few corporates who are investing their CSR funds in providing teaching staff to schools located in villages and in the future corporate sector is showing a great potential to deal with such challenges to improve the condition of education sector in India.¹⁵
2. CSR in education can be a game-changer in improving public education in India. But for that the CSR models need to focus on long term challenges across the systemic chain to accelerate amendments in the educational sector. Many government schools lack basic infrastructure facilities till now despite the government allocation of funds and 32% of CSR funds going into education. With the quantum of Corporate Social Responsibility investments, it is vital for the companies to make informed choices.¹⁶
3. Corporate sectors are driven by profits. The companies currently are more concerned about their profits rather than the development of the society. Today the corporates have started to take a pin pointed path in their CSR agendas and are aiming to affect the arenas that have a similarity with their corporate objectives.¹⁷
4. Today the Investors are changing the way they assess companies' performance and are making decisions based on criteria that include ethical concerns. Their interest in social and environmental challenges has risen significantly over recent years and that investors are beginning to ask more informed and detailed questions about companies corporate social responsibility performance.¹⁸
5. The other important areas of education like promoting sports & physical education in school, construction and development of libraries and laboratories, teacher's training, and early childhood care and education are not getting significant attention under CSR. Only 20 percent companies have actually aligned their CSR projects towards Sustainable Development Goals (SDGs) and have made disclosure regarding the same in their Annual Report. Also, for most of the companies, the data on CSR activities reported in the public domain are very sketchy and do not provide details of fund allocation and amount spent on different interventions/sub-themes under education.¹⁹
6. The CSR provision stipulates supporting projects in communities where the corporates are located. In few instances this has led to projects being undertaken in urban areas and areas with no presence of corporates, such as rural and tribal communities being left out.²⁰

CONCLUSION

The companies today are starting to signify their systematic approach behind their CSR attempts in education. Skills development form a quarter of all agendas executed by the corporates in the IT and financial sector, the highest across all corporates. These companies generally work with a large number of employees who are accessible for volunteering and acknowledge the requirement for training and mentorship even within their sectors. However Indian education framework requires a huge transformation entirely. Even after years of efforts and improvements by Indian administration, large numbers of students dropped from school and there is a particularly 69.1 % academic ratio in rural and urban India which means more than 11.4% educated people are still unemployed in India. Government introduced few attempts for advancement in resolving matters of education system for a long back so far according to the reports of UNESCO, India was placed 3rd in illiteracy.

¹⁵ Vol. 11, Issue 2, (Series-IV) , Ms. Geetanjali Dangi Thakur , Role of Corporate Social Responsibility (CSR) in education sector : A study on Perspectives of better education through CSR, pp. 58-63 , Feb 21, 2021.

¹⁶ Balutsav, How long term CSR can change the face of Government School Education, The CSR Journal, Jul 22 , 2021.

¹⁷ Protiva Kundu, Education as Corporate Social responsibility (CSR) - Hype or Hope?, Oct 12 , 2018.

¹⁸ Kirti Sood and Prachi Pathak , How does an investor prioritize ESG factors in India? An assessment based on fuzzy AHP, Jul 19, 2022.

¹⁹ Nitish Pruthi, Accounting for Corporate Social Responsibility (CSR) Expenditure , Aug 2020, <https://taxguru.in/company-law/accounting-corporate-social-responsibility-csr-expenditure.html>.

²⁰ Volume 8 Issue 9 (Year – 2017) , Anuradha Jaidka, Challenges and Corporate Social Responsibility for Rural Development in India, International Research Journal Commerce arts science, 2017.

Government have finite resources to deal with the challenges and shortcomings of educational sector and therefore approaches the huge requirement of corporate CSR intervention in educational system because we can't ignore the importance of role of education in reframing the future of a country.²¹ As government is prioritising to make \$ 5 trillion Indian economy, the role of CSR in advancement of education of the whole academic system and the current scenario of corporate CSR funding is a strategy for attaining improvised educational system in India.

Today the purpose of CSR in education is pacifying skills disparity with significant amount of practical experimentation and understanding by going forward towards our targets. In the procedure, the infringed people, corporates and society as a whole are expected to gain. There is an intense need to alter the prevailing status of education in the country. India has to reorganize the academic sector at all the parameters i.e. primary, secondary and higher level education standard. It is believed that the notion of CSR is deeply embedded on the universal corporate plan. But in sequence to move from theory to practicality many issues are required to be conquered.

A major issue backing companies is the requirement for more trustworthy options for the advancement in the area of CSR along with promulgation of CSR actions. Few constructive advantages that can appear when corporates adopt a guideline of corporate social responsibility which involve better economical performance, less manufacturing expenses, improvised brand reputation, gained sales and consumer loyalty, better productivity and standard, more capacity to allure and keep employees. workforce diversity, less regulatory supervision, charitable offerings, more utilization of renewable resources, company involvement in the society, education and employment.

Education is secondary most looked up top CSR scheme after ecology and different companies are associated in providing education to keep their business for a long tenure and hence becomes more socially acceptable.²² Providing education puts corporates directly into the social territory and their reputation widened speedily. In this course of action they can build a better working strength for themselves which expands their productivity and benefit.

Recommendations For The Development Of Education Sector Through Corporate Social Responsibility

We can't ignore the reality that Indian government and Indian corporates have been pushing hard to upgrade the current academic structure in India because after exhausting significantly in this arena, government is not receiving good results from a long time. Eventually education is crucial to safeguard greater future of India. Hence there are some challenges which are required to be handled to improve the whole educational system.

²³

- 1) Teacher plays the most significant role in learning of the students as they are shaping the future of the country, so there is a requirement of well read and trained educators in India. The government is not thinking this direction and here comes the role of Corporate Social Responsibility and corporate drives to invest in such kind of projects through which the educational schools will get well trained teaching staff.²⁴
- 2) There is a huge task of skill based knowledge to pick out the main capability of the students so that they could have expertise in their respective careers. Corporate Social Responsibility projects are organized in some features and acquired professional based learning capabilities which will assist to handle major issues of the education system.²⁵
- 3) The status of educational infrastructure in India is a big challenge in every educational institute which doesn't have proper infrastructure. Today we are living in the times of technology and India is lacking it in education sector where it is needed the most. CSR is looking like a hope for developing proper infrastructure base for Indian institutions as this is the main step to enhance the level of education.²⁶
- 4) In India there is already so much disparity, out of which it is a hard reality that public funding are mostly exhausted on the urban sector. But growth and development of 1.37 billion populations requires going in hand to hand in urban and rural India. The current scenario of Corporate Social Responsibility in looking

²¹ United Nations, Education during COVID-19 and beyond, August 2020, <https://unsdg.un.org/resources/policy-brief-education-during-covid-19-and-beyond>.

²² Niloufar Fallah Shayan Nasrin Mohabbati-Kalejahi, Sepideh Alavi and Mohammad Ali Zahed SDGs as a Framework for CSR, Dec 10, 2021.

²³ Ms. Geetanjali Dangi Thakur, Role of Corporate Social Responsibility in education sector : A study on Perspectives of better education through CSR, Feb 21, 2021.

²⁴ Preeti Shukla, The Role of Corporate Social Responsibility (CSR) in Development of Education in India, Jun 04, 2022, <https://ndpublisher.in/admin/issues/TLV12I1d.pdf>.

²⁵ Maimunah Ismail, Ratna Fauzi Amat Johar, Roziah Mohd Rasdi & Siti Noormi Alias, School as Stakeholder of CSR Program: Teacher's Perspective on Outcome in School Development, Jul 27, 2013.

²⁶ UNICEF, Best Practices Of CSR In the Field Of Education In India, 2020, <https://bhartifoundation.org/wp-content/uploads/2020/03/1487307948-csr-in-the-field-of-education-unicef-on-bharti-foundation.pdf>.

like hope for development of rural education. Hence there is need to shift in corporate perspectives of funding the rural education .²⁷

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²⁷ Neelmani Jaysawal , Sudeshna Saha , Impact of CSR on Education & Healthcare of Underprivileged Sections of the Society , *Journal Of Advances In Humanities* , pp. 101-109.