



# International Journal of Research Publication and Reviews

Journal homepage: [www.ijrpr.com](http://www.ijrpr.com) ISSN 2582-7421

## Corporate Social Responsibility in the Indian Education Sector

*Muskan*

SRM University Delhi Ncr Sonipat

### ABSTRACT

Corporate Social Responsibility (CSR) has accomplished vital consideration in both educational and business realm as the notion highlighting that businesses should go beyond revenue creating to also identify their wider social responsibilities. Though CSR has been executed across different sectors, its significance and applications within the education sector in India remain relatively underexplored. The Indian education industry holds immense significance in shaping human capital and contributing to social development. In India, education is identified as an important segment for national growth, and the government has introduced multiple initiatives to enhance educational access and quality. In spite of these efforts, the sector continues to grapple with numerous obstacles such as inadequate infrastructure, limited financial resources, and a lack of qualified teaching personnel. These problems have caused disparities in educational access, especially affecting backward community of students. In regards to the challenges, incorporating CSR into the education industry becomes essential. It can take part in critical part in bridging educational gap, promoting inclusive growth, and supporting long term sustainable growth objectives. The basic aim of this research paper is to examine the changing position of CSR in education through legal perspective, scrutinizing constitutional provisions, legal procedures, and role of judiciary that outline corporate commitment in the education industry. This study also analyzes how Indian firms are more and more channeling their CSR practices to assist educational infrastructure, support digital literacy, improve access to quality education for financially backward children, and align with government initiatives. CSR initiatives now range from making educational institutions and smart classrooms to funding scholarships and vocational training program.

Keywords: CSR, Education Industry, Companies Act 2013

### INTRODUCTION

The globalization of the economy and the growing privatization of higher education have significantly reshaped the academic landscape. Education serving as the foundation of any society and playing the central role in a nation's development. Indian government has executed different initiatives to enhance the quality of education; however, these efforts alone are not sufficient. It is essential for every section of society to contribute toward improving educational standards. In this scenario, the companies have been making a significant impact by supporting education through CSR initiatives. In this competitive surroundings, institutions are increasingly adopting business-oriented models, with a strong emphasis on strategic CSR system to make sure their sustainability and relevance. It is, consequently, unsurprising that many educational institutions are now expanding their focus beyond traditional academics to incorporate CSR activities within their own operations. As a focal point of knowledge creation and distribution, universities play the central role to tackle international societal, ecological and financial challenges by advocate for and executing sustainable solutions.<sup>1</sup>

CSR initiatives have the probable to very much improve access to and the quality of educational opportunities in India. The legal implications of CSR in education stem from Section 135 of the Companies Act, 2013, which mandate appropriate corporations to assign minimum 2 percent of their average net revenues towards CSR initiatives, comprising the promotion of education as a specified area under Schedule VII.

Although CSR has the potential to significantly enhance the Indian education sector, especially in bridging educational inequalities and improving infrastructure, its impact remains uneven due to a lack of strategic alignment, monitoring, and community engagement. For CSR initiatives to be truly transformative, there should be a more coordinated approach involving collaboration between corporates, government bodies, and educational institutions.<sup>2</sup> This comprises guaranteeing transparency, focusing underserved regions, and aligning CSR efforts with national education goals such as digital literacy,

teacher training, and inclusive education. A more structured and need related deployment of CSR funds can lead to sustainable developments and long lasting educational empowerment all over India.

<sup>1</sup> Ashraf Azam, "Corporate Social Responsibility Initiatives in Education Sector in India" 20(1) National Journal of Education 34-39 (2022).

<sup>2</sup> Bala, Madhu, CSR Initiatives in Education in India: A Critical Review of Initiatives, Issues and Challenges, Mayas Publication, 2018

## STATEMENT OF THE PROBLEM

The education industry in India confronts issues in effectively leveraging CSR initiatives due to gaps in alignment between corporate contributions and the actual educational requirements of underserved communities. In spite of the legal mandate under Section 135 of the Companies Act, 2013, which requires eligible companies in India to allocate a portion of their profits towards CSR initiatives, the execution of CSR in the education industry confronts various problems. There is a lack of clarity and consistency in how companies interpret and execute educational initiatives under CSR, often leading to fragmented efforts with limited long term effect. Also, the lack of an inclusive regulatory system and monitoring mechanisms specific to education related CSR projects hinders transparency, accountability, and the alignment of corporate efforts with national educational goals. It raises vital questions related to the efficiency, observance, and equitable distribution of CSR contribution in education industry of India, necessitating a closer legal and policy level examinations.

## RESEARCH OBJECTIVES

- Evaluate the effect of CSR practices on improving access, quality, and infrastructure in Indian educational institutions.
- Examine the legal system administering CSR in India, with a focus on its applications and enforcement in the education sector
- Explore the major issues and opportunities in aligning CSR efforts with the actual educational requirements of backward children.

## LEGAL FRAMEWORK

### *Companies Act, 2013 and CSR*

Section 135<sup>3</sup>, firms that attain particular monetary doorsteps are authorized to utilize minimum 2 percent of their average net revenue from the preceding three financial years on CSR programs. This practice should be in line with those pointed out in Schedule VII, which includes fields for example abolishing starvation, provide quality education, encouraging gender parity, and fostering ecological sustainability. The intention behind these provisions are to stimulate firms to contribute significantly to societal and environmental growth.<sup>3</sup>

The roles and responsibilities of CSR committees are essential in directing the firm's CSR initiatives, guaranteeing alliance with the firm's purpose and objectives, and watching the efficiency of CSR ventures. It is tasked with making the CSR policies, to determine the amount of funds to be allocated for CSR, and proposing it to the BODs.

The Gauri Shanker<sup>4</sup> judgment is vital in the wider perspective of CSR in PSUs, as it underscores the necessity of integrity and accountability in governance structure. To reiterate that merit and rule related procedure should direct appointments, the Court indirectly contributes to the ethical foundation required for effective CSR execution. The apparent and responsible management is necessary for public sector companies to authentically accomplish their communal responsibilities, and this case serves as a reminder that CSR starts with accountable administration.

### *Provisions In Companies (Amendment) Act, 2019*

The Companies (Amendment) Act, 2019 introduced significant changes to the CSR provisions under the Companies Act, 2013. One of the major revision was the mandatory execution and expenditures of CSR obligation. Earlier than the amendments, firms were only required to reports their CSR activities or explain why they had not spent the compulsory 2% of their average net revenue. On the other hand, as per 2019 amendments,

<sup>3</sup> Section 135 of the Companies Act, 2013

it became unavoidable for entitled firms to spend the prescribed CSR fund. Failure to do so could result in penalties and fine, signaling the government's strict stance on CSR observance.<sup>5</sup>

In Bandhua Mukti Morcha v UOI<sup>6</sup>, SCI took the milestone steps in developing the scope of corporate and individual responsibilities towards the safeguard of basic rights of bonded laborers, chiefly under Articles 21 & 23. While not a CSR case in the statutory sense, it laid the moral and constitutional groundwork for the idea that both the state and private enterprises have a duty to uphold human dignity and social welfare. The Court emphasized that guaranteeing humane working situations and access to education and health is not just the constitutional responsibility but a legitimate authorization, thereby foreshadowing the current principles of CSR.

Foseco India Ltd. v UOI<sup>7</sup> In this case, the Court held that funds allocated for CSR should not be diverted for the personal benefit of a company's directors or employees. The court emphasized that the purpose of CSR is to serve the broader public interest and promote social welfare, not to provide individual or internal advantages to those within the organization. The judgment reinforced the centre intention of CSR provisions under the Companies Act, guaranteeing that such expenditure is directed solely toward community improvement.

<sup>3</sup> Significance of CSR committee – a walk through <https://taxguru.in/company-law/significance-csrcommittee-walk.html>

<sup>4</sup> Gauri Shanker vs. Union of India (1997) 1 SCC 444

<sup>5</sup> Shauree Gaikwad, CSR reforms brought by Companies (Amendment) Act, 2019 BJIL (2019)

<sup>6</sup> AIR 1984 SC 802

<sup>7</sup> [2020] ibclaw.in 12 NCLT

A case of Tata Consultancy Service Limited v State of Maharashtra<sup>8</sup> manage the arguments of TCS that its substantial charitable contributions across India should exempt it from further CSR obligation as per Section 135, in the state of Maharashtra. The High Court rejected this argument, stating that CSR spending is a statutory requirement and cannot be replaced by voluntary philanthropic efforts. The judiciary declared that firms are mandated by laws to allocate the particular percentages of their revenue toward CSR activities, and attaining this requirement is distinct from discretionary charitable donations.

---

## ROLE OF GLOBAL ORGANIZATIONS IN CSR IN EDUCATION IN INDIA

International firms have an important role to play in the CSR landscape in India, particularly in educational development. They contribute in several ways:

**Financial support and Resource Allocations:** Worldwide enterprises functioning in India are key contributor to educational initiatives through CSR programs. The cases includes, Google, Wipro, Microsoft, and Infosys have made major funding in educational initiatives, comprising digital learning platform, digital literacy program, and skill development.

**Collaboration with Government agencies and NGOs:** A lot of international companies partner with state governments and NGOs to execute educational programs. These collaborations often aim at bridging educational gaps, especially in rural or disadvantaged areas. Organizations like UNICEF and the World Bank also work with the Indian government and international firms to expand long lasting educational plans.

**Latest Technology Solution:** Firms like Dell, Infosys, Sony and Samsung have developed educational technologies like smart classrooms, elearning module, and other technology based solutions. It aimed to carry excellent education to backward and rural areas, and improve teaching approaches and student participation.

**Spotlighting on Vocational Education:** With the focal point on young population in India, worldwide enterprises are increasingly investing in vocational education and skill development programs. This aligns with India's push to improve employability and bridge the skill gap in various sectors. Companies like Tata Group and Bharti Foundation have invested in skill training and vocational programs, often through their CSR initiatives.

**Making access to Education:** Several international firms have focused on increasing access to education for children from rural and backward areas. These programs are vital for India's social and economic growth. For instance, Google India introduced programs aimed at offering digital skills to woman and children to boost their employment prospects.

---

## LEGAL AND ETHICAL CONSIDERATIONS

**Observance with the Companies Act:** Firms require to make sure that their CSR activities, comprising those related to education, comply with the provisions of the Companies Act. Failure to attain the CSR rules can result in penalties, making it vital for firms to adhere to the legal system.

**Effect appraisal and intelligibility:** The government authorities needs firms to disclose their CSR activities and the effect of their ventures. Enterprises should file a CSR report annually, detailing their expenditure, initiative, and results. This promotes transparency and ensures that the allocated funds are used effectively. **Involvement with local Community:** CSR ventures in education requirement to involve with local communities to ensure that the programs are culturally relevant and address the specific needs of the community. Global companies should navigate local socio-economic dynamics and work closely with community leaders to make sure their projects are sustainable.<sup>9</sup>

**Global Standards:** Additionally complying with Indian laws, global organizations often adhere to international CSR guidelines, such as the UN SDGs. These international standards encourage firms to incorporate ESG factors into their operations. This is especially significant when executing educational programs that aim to meet global benchmarks for quality and accessibility.

---

## CONCLUSION

Within the education sector, CSR initiatives play a vital role in bridging educational gaps, improving infrastructure, and enhancing access to quality education. However, while CSR contributions in the education sector are commendable, they should be approached with a legal perspective to ensure effectiveness, accountability, and sustainability.

The legal system, though progressive, often lacks clear guidelines on how companies should assess the impact of their CSR initiatives in the education sector. In many cases, businesses fund educational programs without a clear understanding of their long-term impact or accountability. To ensure that CSR in education is meaningful and sustainable, the government and regulatory bodies should provide more concrete mechanisms for monitoring, evaluating, and reporting on CSR projects. Additionally, these evaluations should include a focus on transparency in the allocation of funds and a detailed audit of outcomes, ensuring that the education system benefits holistically.

CSR initiatives should not operate in isolation but should complement governmental efforts to improve the quality of education across the country. Legal provisions could include guidelines for CSR activities to align with the National Education Policy (NEP) 2020, ensuring that the resources provided by the corporate sector are leveraged efficiently in the public interest. Through such alignment, CSR can be transformed into a powerful tool for the advancement of the education sector, fostering a synergy between private corporate interests and public welfare goals. To sum up, CSR in the education sector in India holds immense potential to improve educational access, infrastructure, and quality. However, a stronger legal framework is essential to ensure that CSR funds are used effectively, responsibly, and with long term effect.

---

<sup>8</sup> (2017) 11 NGT CK 0025

<sup>9</sup> Poonam Mahajan et al, Corporate Social Responsibility: Effectiveness and Ethical Implications in India, GRRBE (2022)

---

**REFERENCES**

---

- Agarwal, Priyansha, CSR from the Lens of Companies Act, SSRN (2023)
- Ashraf Azam, "Corporate Social Responsibility Initiatives in Education Sector in India" 20(1) National Journal of Education 34-39 (2022).
- Bala, Madhu, CSR Initiatives in Education in India: A Critical Review of Initiatives, Issues and Challenges, Mayas Publication, 2018
- Shauree Gaikwad, CSR reforms brought by Companies (Amendment) Act, 2019 BJIL (2019)
- Sabeena & Dr. N. A. Krishnamoorthi, "Corporate Social Responsibility Activities Towards Education Sector", IJIRAH (2016)
- Poonam Mahajan et al, Corporate Social Responsibility: Effectiveness and Ethical Implications in India, GRRBE (2022)
- Verma S. Why Indian Companies Indulge in CSR?, JMPP (2019)
- Significance of CSR committee – a walk through <https://taxguru.in/companylaw/significance-csr-committee-walk.html>