

Public vs. Private Sector CSR in India: A Study of Educational Initiatives and their Impact

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ABSTRACT: -

Today's business climate and stakeholders' increased expectations necessitate effective CSR initiatives that yield bigger returns. In addition to the government, investors, and consumers, the community also emerges as a significant stakeholder, as they grant the company the necessary license to function. The businesses already know that to continue operating, they must continue to meet the needs of the communities that surround them. Effective CSR initiatives help businesses recruit, retain, and inspire staff members. By improving their standard of living, raising their income, and helping them become corporate citizens, CSR practices help the community. Through the encouragement of the private sector to get more involved in social missions, corporate social responsibility serves as a means of advancing ethical business practices. Using a small sample of organisations, the article aims to demonstrate CSR practices in the public and private sectors in the Indian setting. The company's yearly sustainability reports provide reported information that is used as a secondary source of information for the research. According to the findings, private sector businesses are investing more in CSR and community service, and they are doing so in a more strategic way than public sector organisations, which primarily concentrate on meeting the needs of the community based on issues.

Keywords: Corporate Social Responsibility, Women Empowerment, Community Development, Education Sector.

1. Introduction

In India, corporate social responsibility (CSR) has always been viewed as a charitable endeavour that is carried out without careful thought. As a result, there is very little documentation on certain CSR-related operations. Even though they were kind, a lot of their actions had an inherent quality to them. Corporate CSR operations have moved beyond community development to become more strategic because of global impact and communities becoming more engaged and demanding. As a result, a significant number of businesses now strive to publish CSR reports as well as yearly reports and sustainability reports on their official website detailing their CSR initiatives. Although there isn't a single, widely recognised definition of corporate social responsibility (CSR), there are several that differ among authors, and all highlight the influence that businesses have on society as a whole as well as the expectations that society has of them. CSR must consider the welfare of all parties involved, not just the stockholders of the firm. With the passing of the Companies Act of 2013, India became the first country to mandate and track company social responsibility spending (Ministry of Corporate Affairs, 2013).

1.1. Education System in India

As progressive as the sectors of India are, the country still stands in darkness age group 6 to 13 years is estimated at 20.41 crore children, out of which 60.41 lakh (2.97%) children are known to be dropouts. The projected percentage of out-of-school children for this round is lower than that of its two predecessors, 2009 (4.28%) and 2006 (6.94%). An estimated 1.12 crore urban Indian kids live in slum neighbourhoods. This number equals 36.01% of all urban dwellers. Of the total urban slum children, 2.14% were found to be out of school. This is lower than the previous round, where 3.74% of the slum population were out of school. According to the statistics, India has made

great strides in the past ten years to guarantee that all people have access to education: to name a few, student-teacher ratios have improved, 96% of kids are enrolled each year, and there is a public school within a kilometre of every site (National Survey on Estimation of Out of School Children, 2014).

As stated in the Education 2030 Framework for Action, which endows nations to allocate 4-6% of their GDP to education, India's contribution to education between 2015 and 2024 was varying from 4.1 to 4.6% of its GDP, which is in keeping with international norms (UNESCO, 2023). Around 20 million children do not attend pre-school and almost half of the teenagers do not complete secondary education. These dropouts become child workers by denying themselves access to professional training and education. Despite these efforts, there are still many disparities in the country's educational system, such as high dropout rates, gender inequality, and poor educational quality (UNICEF, 2023).

1.2 Objectives of the Study

1. To study the existing CSR practices by the Public and Private companies for education in India.
2. To study the impact of CSR bringing a significant impact on community development with a special focus on education.

2. Research Methodology

The research is based on secondary data and is analytical. While CSR is seen in various sectors, the education sector is chosen for this analysis due to high concentration of funding and also being a priority sector for corporates' CSR funding. Primarily, this sector receives most of the CSR funds. This study would shed light on the roles and contributions made to the educational ecology. The national CSR portal, the ngobox organisation, CSRbox, mca, and other reliable sources contributed the relevant data for this study. The data was evaluated based on the requirements specified in this paper.

3. Result

3.1. Need for CSR in the Education Sector:

India being one of the sectors that really support CSR, has also endured for more than five years under the burden of numerous social ills on education itself, with one of the top being the same for CSR in education_ funding for educational institutions. Inadequate funding, obsolete courses, poor education generally, with exceedingly high dropouts, are some of the shortcomings in India with respect to the educational system. It is due to these concerns that the quality of education varies tremendously across the entire country. CSR initiatives could make direct impacts on several areas of education to enhance these pertinent issues. UDISE+ reveals that only 22% of average school development expenses are funded through local taxes, so you see inadequacies in the number of thousands in terms of infrastructure.

CSR could provide funding for the construction of new schools, upgrading existing ones, and providing necessary facilities such as laboratories, libraries, and sports amenities (Economic Times, 2023). During these last five years, CSR and the government education budget made considerable contributions toward expenditure in education. Financing and initiative trends viewed in the light of joined hands of public policy and CSR policy give hope to the dream of providing high-quality education to all Indians. However, the government and organizations share an equally significant and complex role in the education ecosystem, which cannot be fully grasped.

3.2. CSR in the Public and Private Sector

The public sector has a special ability to contribute as much as possible to sustainable development through the laws and regulations that businesses operate under, even though many of them are

specifically referred to as corporate social responsibility (CSR) or are believed to be CSR-enabling. The public sector's engagement in the CSR agenda illustrates how it contributes in a variety of CSR-related contexts. Establishing a vision and goals for the place of the company in society, developing market frameworks, implementing fiscal policy, especially about taxes, and promoting innovation are all examples of how the government may support corporate sustainability. Zadek created a new third-generation CSR framework in 2007 that demonstrates the public sector's contributions to the advancement of corporate citizenship, the development of markets that encourage it, the negotiation of international principles, and the production of goods for companies that answer to civil society (Zadek, 2007). Public policies that encourage excellent company CSR practices are an example of the public sector's involvement in the CSR agenda in countries other than India. The public sector in these nations supports education, encourages the consumption of quality produce, cultivates collaborations among supply chain participants and stakeholders, and provides financial resources and incentives (World Bank, 2002).

CSR is given more attention and works with other departments to promote partnerships and international standards as the foundation for corporate reporting, demonstrating the public sector's involvement in developing markets that promote corporate responsibility. The World Bank describes research on the several roles that the government can assume in forming a conducive environment for corporate social responsibility in 2002. This research covers a broader context of human rights, business conduct, and national economic development. Sectors can be cross-formed stakeholder partnerships-like government and civil society organizations and private sector enterprises-or they can be formed within a sector through strategic alliance of businesses. The proactive, creative CEO of a private company who appreciates the intrinsic value of corporate social responsibility will consider it an opportunity for further optimizing the company's potential and creating avenues for competitive advantage. Sector-specific CSR strategies demonstrate that different firms have different CSR thresholds depending on their competitive activities and operating cultural contexts. Effective corporate social responsibility (CSR) policies are becoming more and more popular among certain sectors and organizations; nevertheless, there are variations in the timing of these policies' implementation. Companies must get involved in corporate social responsibility (CSR) initiatives that are smart and well-structured since even little adjustments to how CSR funds are allocated may have a significant impact on the education sector and help millions of people (Aaronson & Reeves, 2002).

Figure 1. Total CSR Amount spent vs Education spent

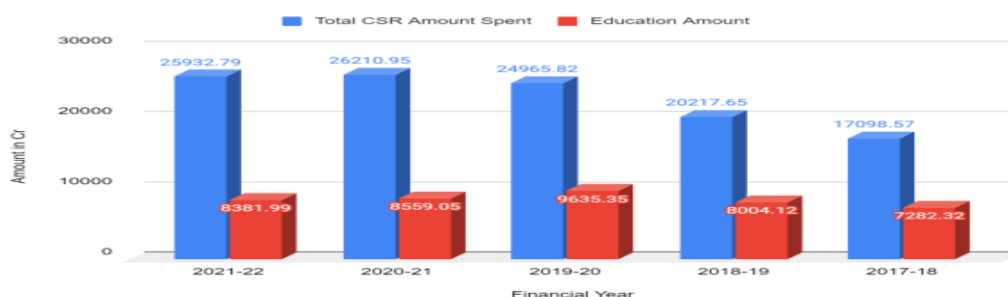


Figure 1 contains financial data related to **Corporate Social Responsibility (CSR) spending** over multiple financial years. Here's a breakdown of the data points:

1. CSR Amount Spent

- The total CSR spending for the financial year **2021-22** appears to be **₹25,982.79 Cr.**
- For **2020-21**, the CSR amount spent is **₹20,217.65 Cr.**

- In **2019-20 and earlier years (2018-19, 2017-18)**, the CSR spending is lower, with **₹17,098.57 Cr** recorded in one of these years.
- 2. Education-Specific CSR Spending**
 - One of the categories for CSR spending appears to be **Education**, and a specific amount of **₹26,21.095 Cr** is mentioned for this sector.
- 3. Trend Analysis**
 - The **data** suggests a **steady increase** in CSR spending over the years.
 - The **amount** increased significantly from **₹17,098.57 Cr** in earlier years to **₹20,217.65 Cr** in 2020-21, and further up to **₹25,982.79 Cr** in 2021-22.
- 4. Possible Inference**
 - **The** rising trend indicates that companies are allocating **more funds towards CSR activities** over the years, possibly due to regulatory requirements, corporate initiatives, or increased societal needs.
 - **Education** is a key focus area, but other CSR categories might also have received funding.

Figure 2. PSU vs Non-PSU spent over Education

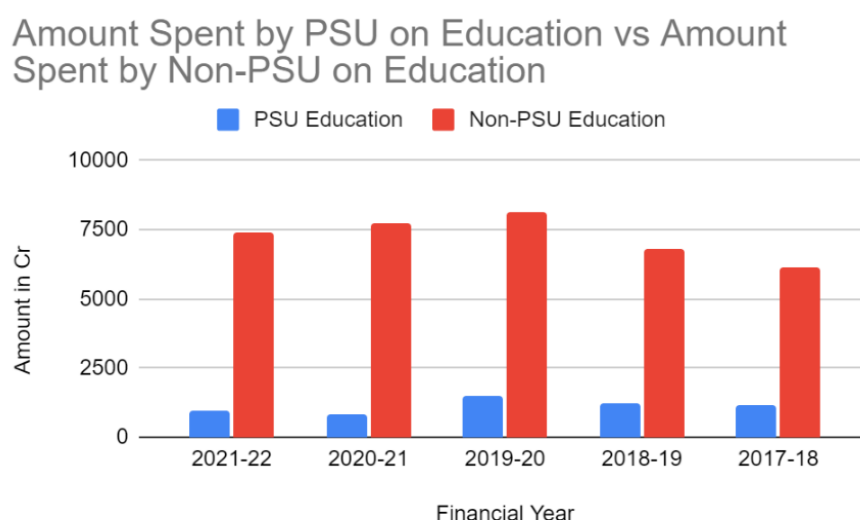


Figure 2 presents a comparative analysis of the amount spent on education by PSU (Public Sector Undertakings) and Non-PSU entities across five financial years (2017-18 to 2021-22).

Key Features of the Graph:

1. Categories Compared:

- **PSU Education Spending:** Represents the amount spent by government-owned organizations.
- **Non-PSU Education Spending:** Represents the amount spent by private or non-governmental organizations.

2. Trend Representation:

- The graph visually differentiates spending patterns between PSU and Non-PSU entities over time.
- It allows for a comparison of growth, decline, or consistency in education investment by both sectors.

Findings from the Graph:**1. Comparison of Spending Levels:**

- If PSU spending is consistently higher than Non-PSU spending, it indicates that government-owned entities contribute more towards education.
- If Non-PSU spending surpasses PSU spending in certain years, it suggests increased private sector investment in education.

2. Trend Over the Years:

- If spending is increasing over time, it shows a growing commitment to education funding.
- A decline or fluctuation might indicate changing priorities, budget constraints, or external factors (e.g., economic conditions or policy changes).

3. Impact of the Pandemic (2020-21):

- The COVID-19 pandemic affected economic activities, so a drop in spending during 2020-21 could be observed.
- If spending remained stable or increased in 2020-21, it suggests that education remained a priority despite economic challenges.

4. Growth Rate Differences:

- If PSU spending shows steady growth while Non-PSU spending fluctuates, it could indicate more stable government support compared to private investments.
- If Non-PSU spending grows at a higher rate, it might suggest increased private sector involvement in education

Figure 3. Total spent on Education including PSU and Non-PSU

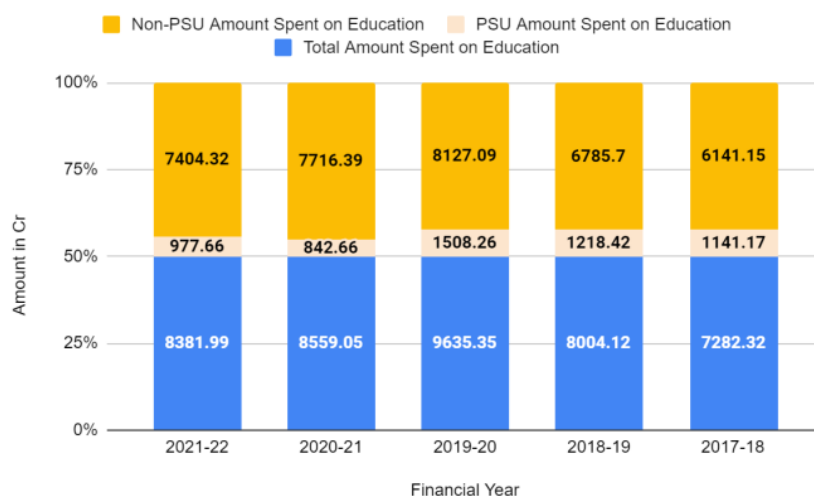


Figure 3 represents the total amount spent on education over five financial years (2017-18 to 2021-22) and breaks it down into two categories:

- 1. Non-PSU Amount Spent on Education**
- 2. PSU Amount Spent on Education**

The y-axis represents the amount spent in crores, while the x-axis lists the financial years. The total amount spent on education fluctuates over the years, with noticeable variations in the contributions from PSU and non-PSU sources. The highest recorded total expenditure is in 2020-21 (₹8559.05 Cr), while the lowest is in 2019-20 (₹7282.32 Cr).

The results show that the Private sector companies are spending more on CSR and community and in a better strategic manner compared to the public sector focus on issue-based requirements of the community.

Findings from the Graph

1. Fluctuating Educational Expenditure:

- The total amount spent on education varies across the five financial years, indicating changing budget allocations or spending patterns.

2. Peak Spending in 2020-21:

- The highest total education expenditure was recorded in **2020-21 (₹8559.05 Cr)**, suggesting increased investment, possibly due to pandemic-related educational reforms or digital learning initiatives.

3. Lowest Spending in 2019-20:

- The lowest total spending occurred in **2019-20 (₹7282.32 Cr)**, indicating a temporary decline in education investment.

4. PSU vs. Non-PSU Contribution:

- Both PSU (Public Sector Undertakings) and Non-PSU contributions play a role in education funding, but their relative proportions vary over the years.

4. Findings

In the current era, Corporate Social Responsibility (CSR) initiatives are crucial and pertinent to India's rural development. The study emphasizes how important corporate sector efforts are to supporting India's educational system. Helping organisations or processes with clearly measurable and visible learning objectives should be the focus, not building, books, or scholarships. Aside from the previously mentioned, facilities like chairs, books, clothing, shoes, and bathrooms are crucial for improving the quality of training. Businesses that have previously contributed to the building of the education sector's infrastructure will need to focus on research and improving educational standards in the years to come. Hence, it is hoped that financial institutions would give quality education top priority through CSR education programs, which will surely help to foster a creative workforce. Actual CSR spending increased year over year the discrepancy between the actual and suggested CSR spending is 88%. In FY 2019, the recommended CSR was 86%. A third or so of the companies exceeded the mandatory CSR spending. The CSR budget was surpassed by businesses (the same set of enterprises) in both FY 2020 and FY 2019. A third of the CSR funds were used for education-related projects, with the remaining third going to healthcare and rural development activities. Projects related to hunger and malnutrition and environmental sustainability are becoming more popular since corporate social responsibility investment in these areas seems to be increasing significantly. In the first two years after the idea was established, spending on corporate social responsibility (CSR) increased, suggesting that people were largely in support of it. In addition to allowing them to give back to the community, the Indian business sector has realised that its CSR programs help them raise brand recognition, which in turn enhances its brand value. Businesses are progressively moving towards providing students with access to top-notch instruction, learning materials, financial aid, and infrastructure, per the mapping of education and corporate social responsibility (CSR) initiatives by the largest companies. Companies are interested in resolving educational challenges by contributing to corporate social responsibility (CSR) in the education sector, as seen by the above table, which shows the top corporate spenders' donations to CSR in this sector.

Conclusion

According to studies on the corporate social responsibility (CSR) practices of Indian public and private businesses, all of them try to implement CSR policies that comply with the Companies Act of 2013 and are reported in their annual reports. Depending on local conditions, firms frequently invest in operations on a piecemeal basis in addition to their long-term programs and objectives. It is difficult to look closely at the details of CSR operations since, except a few PSUs, many companies do not list the precise CSR activities they carry out or the costs involved on their websites or sustainability reports. The thrust areas mentioned in Schedule VII of the 2013

Companies Act are mentioned in passing. The Act mandated that they report on the CSR initiatives they worked on throughout the fiscal year. This article mainly focuses on health care, education, and sustainable livelihood initiatives for women, even if the firms participate in a range of CSR activities. Any partnership between the public and private sectors is quite difficult since fundamental elementary education is often viewed as the domain of the public sector. The creation of a fair and equitable society depends on education, which is also the most efficient way to encourage social mobility in India.

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11. The Companies Act of 2013 mandates that companies meeting certain financial thresholds spend at least 2% of their average net profits on CSR activities.
12. The UDISE+ report highlights the infrastructure gaps in Indian schools, emphasizing the need for CSR interventions.
13. The Education 2030 Framework for Action by UNESCO recommends that countries allocate 4-6% of their GDP to education, a benchmark India is striving to meet.
14. CSR initiatives in education are increasingly focusing on digital learning tools and teacher training programs to improve educational outcomes.
15. The disparity in CSR spending between public and private sectors highlights the need for more collaborative efforts to address educational challenges in India.