

# INVESTING IN OUR ROOTS: A STUDY OF CSR ALLOCATION FOR HERITAGE, ART AND CULTURE BY PSUS AND NON-PSUS

**Dr. Pragnesh B. Dalwadi**

Assistant Professor,

Shree Bhaikaka Government Arts & Commerce College, Sojitra  
Sardar Patel University, Vallabh Vidyanagar, Anand, Gujarat, India

ORCID-ID: <https://orcid.org/0000-0001-7483-3724>

E-Mail ID: [pragnesh1606@gmail.com](mailto:pragnesh1606@gmail.com)

## ***Abstract***

*This research paper explores the corporate social responsibility (CSR) spending patterns of public sector undertakings (PSUs) versus non-public sector undertakings (non-PSUs) companies in India, specifically focusing on contributions towards heritage, art, and culture. The study utilizes data from the National CSR portal, covering the period from 2017-'18 to 2021-'22. The analysis reveals that non-PSUs consistently demonstrate higher average contributions to heritage, art, and culture than PSUs. However, the spending patterns show significant year-on-year variability for both sectors, with PSUs exhibiting more fluctuation. The findings underscore the need for more strategic and consistent CSR investments in heritage, art, and culture, particularly among PSUs. The paper concludes with recommendations for policy measures to enhance corporate contributions to preserving and promoting India's rich cultural heritage.*

**Keywords:** Corporate Social Responsibility (CSR), Public Sector Undertakings (PSUs), Non-PSU companies, Heritage, Art, Culture, CSR spending patterns

## **1. INTRODUCTION**

Corporate social responsibility (CSR) has evolved significantly over the past few decades, becoming a key element of corporate strategy and stakeholder engagement. In India, CSR gained statutory backing with the Companies Act of 2013, which mandates that certain companies allocate at least 2% of their average net profit over three years to CSR activities. This legislation has propelled CSR to the forefront of corporate priorities, with companies investing in various sectors such as education, healthcare, rural development, and environmental sustainability.

Heritage, art and culture represent vital aspects of India's rich and diverse legacy. These elements are crucial for maintaining the country's identity and fostering social cohesion and economic development. CSR initiatives focusing on heritage, art and culture contribute significantly to preserving this legacy for future generations. Public sector undertakings (PSUs) and non-PSU companies play a pivotal role in this context, leveraging their resources and influence to support cultural preservation and promotion.

Public sector undertakings (PSUs) are government-owned corporations that operate in various sectors of the economy. These entities are known for their significant contributions to nation-building and social development. On the other hand, non-PSU companies, which include private and multinational corporations, also engage in CSR activities, often driven by different motivations and strategic objectives compared to PSUs. This study aims to explore the differences in CSR spending on heritage, art, and culture between PSUs and non-PSUs, shedding light on their respective roles and impacts in this domain.

Despite the growing importance of CSR in India, there is limited research focusing specifically on the patterns of CSR spending by PSUs and non-PSUs towards heritage, art, and culture. Existing studies tend to generalize CSR activities without delving into the nuances of sector-specific contributions. This gap in the literature necessitates a detailed examination of how different types of companies allocate their CSR resources to cultural preservation and promotion. Understanding these differences can provide valuable insights for policymakers, corporate strategists, and stakeholders involved in heritage conservation.

## **2. REVIEW OF LITERATURE**

The conceptual framework of CSR has been extensively studied, with scholars such as Carroll (1991) and Matten & Moon (2008) outlining the evolution and dimensions of CSR practices globally. In the Indian context, researchers like Sood and Arora (2006) have highlighted the distinctive features of CSR driven by both regulatory mandates and voluntary initiatives. Studies have shown that CSR in India often extends beyond philanthropy, encompassing sustainable development and community engagement (Gatti, Vishwanath, & Seele, 2019)

Focusing on the preservation of heritage, art, and culture, CSR activities play a critical role in maintaining and promoting the rich cultural legacy of India. According to Pareek et al. (2023), the significant role that CSR initiatives play in not only safeguarding India's cultural legacy but also fostering economic and social development within the cultural sector.

Public Sector Undertakings (PSUs), traditionally viewed as instruments of state policy, often prioritize social and economic development projects in line with governmental objectives. Studies by Mishra and Suar (2010) indicate that PSUs are more likely to invest in infrastructure, healthcare, and education, which are directly aligned with public welfare. Conversely, non-PSU companies, driven by market dynamics and brand-building strategies, may adopt a broader and more diversified approach to CSR, including significant investments in cultural sectors.

Dalwadi & Japee (2023) explored significant variations in CSR spending and contribution towards environmental sustainability among India's top ten companies. Wipro, ITC, and Infosys have a significant environmental contribution, while Tata Consultancy Services, Tata Sons Private, and Indian Oil Corporation do not. The study suggests companies should prioritize environmental sustainability in their CSR activities to balance economic development and environmental conservation.

Dalwadi & Japee (2023) examined the CSR focus areas of the top ten contributing companies in India using data from the National CSR portal for 2016-'17 to 2020-'21. The analysis covered categories like Education, Health, Environment, Women Empowerment, and Rural Development. Findings indicated that Education and Skill Development, Rural Development, Health Care, and Environmental Sustainability were the top CSR spending areas. The study also highlighted the diversity in CSR spending patterns and their implications for sustainable development. It concluded that these focus areas reflect India's evolving CSR landscape and the need for a more comprehensive and inclusive CSR approach.

Despite these insights, there remains a gap in comparative studies that specifically analyze the CSR spending patterns of PSUs versus non-PSU companies in the context of heritage, art and culture. Existing research often generalizes CSR activities without exploring sector-specific contributions, thereby overlooking the nuances and strategic differences between these entities.

In a nutshell, the existing literature provides a robust foundation for understanding the role of CSR in heritage, art and culture. It highlights the regulatory framework, motivations and impacts of corporate contributions to these sectors. However, there is a need for more targeted research that compares the CSR spending behaviours of PSUs and non-PSUs, particularly in the cultural domain. This study aims to fill this gap by providing a detailed analysis of CSR expenditures on heritage, art and culture, thereby contributing to both academic scholarship and practical policy-making.

### 3. OBJECTIVES OF THE STUDY

1. To provide an understanding of CSR and the importance of Heritage, Art and Culture.
2. To study the CSR-contributing PSUs vs. non-PSU companies of India towards heritage, art and culture.

### 4. METHODOLOGY OF THE STUDY

The study's main objective is to know India's CSR Contributing PSU vs. non-PSU companies towards heritage, art and culture. Through the purposive sampling method, a total of the CSR Contributing PSU vs. non-PSU companies have been selected and a descriptive research design has been used to meet the objective. The data have been collected from secondary sources from the National CSR portal for the five years from 2017-'18 to 2021-'22.

### 5. DATA ANALYSIS & INTERPRETATION

**Table: 5.1-Total CSR Spent and Contribution to Heritage Art and Culture by PSUs**

Year	No. of CSR Contributing PSUs	Total CSR Spent (₹ in Crore)	Contribution to Heritage Art and Culture out of Total CSR Spent (₹ in Crore)	% Contribution to Heritage Art and Culture out of Total CSR Spent
2017-'18	541	3651.02	228.62	6.26%
2018-'19	619	4224.46	57.31	1.36%
2019-'20	483	5310.12	387.67	7.30%
2020-'21	448	4486.27	272.12	6.07%
2021-'22	330	4345.9	25.67	0.59%
<b>Total</b>		<b>22017.77</b>	<b>971.39</b>	<b>4.41%</b>

<b>Mean</b>	<b>4403.55</b>	<b>194.28</b>	<b>0.88%</b>
<b>Standard Deviation</b>	<b>598.00</b>	<b>151.52</b>	<b>3.10%</b>
<b>Coefficient of Variation</b>	<b>13.58%</b>	<b>77.99%</b>	<b>352.27%</b>

(Source: - National CSR portal)

The table details the CSR spending by PSUs from 2017-'18 to 2021-'22, focusing on contributions to Heritage, Art and Culture. Over five years, the total CSR expenditure amounted to ₹22,017.77 crore, with an average annual spending of ₹4,403.55 crore. Contributions to Heritage, Art and Culture totalled ₹971.39 crore, averaging ₹194.28 crore per year. The percentage of CSR allocated to this cause varied, peaking at 7.30% in 2019-'20 and dipping to 0.59% in 2021-'22, with an average of 4.41%. The standard deviation for total CSR spent is ₹598.00 crore, and for contributions to Heritage, Art and Culture, it is ₹151.52 crore, reflecting moderate variability. The coefficient of variation for percentage contributions is high at 352.27%, indicating a significant inconsistency in yearly contributions to Heritage, Art and Culture.

**Table: 5.2- Total CSR Spent and Contribution to Heritage Art and Culture by Non-PSUs**

Year	No. of CSR Contributing Non-PSUs	Total CSR Spent (₹ in Crore)	Contribution to Heritage Art and Culture out of Total CSR Spent (₹ in Crore)	% Contribution to Heritage Art and Culture out of Total CSR Spent
2017-'18	20984	13447.56	166.6	1.24%
2018-'19	24562	15993.2	168.62	1.05%
2019-'20	22502	19655.7	545.9	2.78%
2020-'21	20392	21724.68	221.01	1.02%
2021-'22	18713	21932.8	216.38	0.99%
<b>Total</b>		<b>92753.94</b>	<b>1318.51</b>	<b>7.09%</b>
<b>Mean</b>		<b>18550.79</b>	<b>263.70</b>	<b>1.41%</b>
<b>Standard Deviation</b>		<b>3718.76</b>	<b>159.82</b>	<b>0.77%</b>
<b>Coefficient of Variation</b>		<b>20.05%</b>	<b>60.61%</b>	<b>54.27%</b>

The above table provides data on CSR spending by non-PSUs from 2017-'18 to 2021-'22, focusing on contributions to Heritage, Art and Culture. Over these five years, the total CSR expenditure amounted to ₹92,753.94 crore, with an average annual spending of ₹18,550.79 crore. Contributions to Heritage, Art and Culture totalled ₹1,318.51 crore, averaging ₹263.70 crore annually. The percentage of CSR allocated to Heritage, Art and Culture varied from 0.99% in 2021-'22 to 2.78% in 2019-'20, with an overall average of 1.41%. The standard deviation for total CSR spent is ₹3,718.76 crore, indicating substantial variability, while the standard deviation for contributions to Heritage, Art and Culture is ₹159.82 crore. The coefficient of variation for percentage contributions is 54.27%, indicating moderate inconsistency in yearly contributions.

**Table: 5.3- % Contribution to Heritage, Art and Culture out of Total CSR Spent by PSUs vs. Non-PSUs**

Year	% Contribution to Heritage Art and Culture out of Total CSR Spent By PSUs	% Contribution to Heritage Art and Culture out of Total CSR Spent By Non-PSUs
2017-'18	6.26%	1.24%
2018-'19	1.36%	1.05%
2019-'20	7.30%	2.78%
2020-'21	6.07%	1.02%
2021-'22	0.59%	0.99%
<b>Total</b>	<b>4.41%</b>	<b>7.09%</b>
<b>Mean</b>	<b>0.88%</b>	<b>1.41%</b>
<b>Standard Deviation</b>	<b>3.10%</b>	<b>0.77%</b>
<b>Coefficient of Variation</b>	<b>352.27%</b>	<b>54.27%</b>

The above table presents a comparative analysis of the percentage contribution to heritage, art and culture out of the total CSR expenditure for Public Sector Undertakings (PSUs) and Non-PSUs from 2017-'18 to 2021-'22.

### **Key Findings:**

Non-PSUs consistently demonstrated a higher average contribution (1.41%) to heritage, art and culture compared to PSUs (0.88%).

**Variability:** While non-PSUs exhibited a relatively stable contribution over the years (S.D. = 0.77%), PSUs displayed significant fluctuations (S.D. = 3.10%). This is evident in the higher Coefficient of Variation for PSUs (352.27% vs. 54.27%).

**Year-on-year:** Both PSUs and non-PSUs showed inconsistent contributions across the analyzed period, with no clear trend. The data indicates a substantial disparity in CSR contributions to heritage, art and culture between PSUs and non-PSUs, with non-PSUs consistently outperforming PSUs. The high variability in PSUs' contributions underscores a need for greater consistency and strategic focus in this area. Policymakers may consider implementing measures to encourage increased and more stable CSR spending on heritage, art and culture among PSUs. Further analysis into the factors driving these differences could inform targeted interventions to bridge the gap.

## **6. CONCLUSION**

The data reveals a concerning trend in Corporate Social Responsibility (CSR) spending directed towards heritage, art and culture by both PSUs and non-PSUs. Despite the significant CSR expenditure by both sectors, the allocation towards heritage, art and culture remains notably low.

### **Key Findings:**

- ✓ **Low Average Contribution:** Both PSUs and non-PSUs exhibit a significantly low average contribution to heritage, art and culture, standing at 0.88% and 1.41% respectively.
- ✓ **High Variability:** The contribution from PSUs to heritage, art and culture is highly volatile, as indicated by the substantial standard deviation and coefficient of variation.
- ✓ **Year-on-Year Fluctuations:** Both sectors demonstrate inconsistent spending patterns over the analyzed period, lacking a clear upward trajectory.

### **Recommendations:**

To enhance the contribution to heritage, art and culture through CSR initiatives, the following suggestions are proposed:

- ✓ **Mandated Allocation:** Consider implementing regulations that mandate a minimum allocation of CSR funds towards heritage, art and culture.
- ✓ **Incentivization:** Introduce tax benefits or other incentives to encourage increased CSR spending in these areas.
- ✓ **Awareness Campaigns:** Conduct awareness programs to highlight the significance of heritage, art, and culture for societal development and to inspire greater corporate involvement.
- ✓ **Collaboration:** Foster partnerships between the government, corporations, and cultural institutions to create sustainable and impactful projects.
- ✓ **Performance Evaluation:** Establish transparent evaluation mechanisms to assess the impact of CSR initiatives in heritage, art, and culture and recognize exemplary efforts.

By implementing these recommendations, it is possible to significantly enhance the contribution of corporations to the preservation and promotion of India's rich heritage, art, and culture.

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