

An Idea Beyond CSR: Trusteeship Theory of Mahatma Gandhi

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Abstract

During the Indian Independence struggle, Mahatma Gandhi devised a shrewd ideological version of the concept of social trusteeship, rooted firmly in the strong religious and social traditions of India. Since then, it was strongly supported by India's highly segmented society and its essence still prevails in the fast-growing Indian economy. This paper analyses how trusteeship has eventually functioned in the context of the Indian society, and has contributed towards the modern concept of CSR by imbibing social and cultural values within the corporations.

Keywords

Trusteeship, Corporate social responsibility, Nonviolence, Economic equality

“Everything belonged to God and was from God. Therefore, it was for His people as a whole, not for a particular individual. When an individual had more than his proportionate portion, he became a trustee of that portion for God's people.”

It is in the above context that the idea of trusteeship was propounded by Gandhiji. It has been one of the core beliefs of our tradition that everything in the cosmos belongs to God and thereby to all, and not to any individual. Once this basic premise is accepted, then man would remain nothing but a trustee. The concept of trusteeship, as Gandhiji defined, is a testimony of corporate social responsibility which meant an engagement of business in development.

Meaning of Trusteeship

Trusteeship is drawn on a foundational principle of the Indian religious text, Bhagvad Gita which suggests that 'enjoy thy wealth by renouncing it'. Gandhiji elaborated this by saying that 'take what you require for your legitimate needs and use the remainder for society [and] if the moneyed classes do not even act on [this principle] in these times of stress', He further stressed, 'they will remain slaves of their riches and passions and consequently of those who overpower them'. He was of the firm opinion that all forms of property and human accomplishments are either the gifts of nature or the product of social living. As such they belong not to the individual but to the society as a whole and should be used for the welfare of all. Gandhiji suggested this doctrine as an answer to the economic inequalities of ownership and income - a kind of nonviolent way of resolving all social and economic conflicts which grew out of inequalities and privileges of the present social order.

Theory of Trusteeship

According to Mahatma Gandhi, trusteeship is the only ground on which he can work out an ideal combination of economics and morals. In concrete form, the trusteeship formula reads as follows:

- (i) Trusteeship provides a means of transforming the present capitalist order of society into an egalitarian one. It gives no quarter to capitalism, but gives the present owning class a chance to reform itself. It is based on the faith that human nature is never beyond redemption.
- (ii) It does not recognize any right of private ownership of property except so far as it may be permitted by society for its own welfare.
- (iii) It does not exclude legislation of the ownership and use of wealth.
- (iv) Thus under state regulated trusteeship, an individual will not be free to hold or use his wealth for selfish satisfaction in disregard to the interests of society.

(v) Just as it is proposed to give a decent minimum living wage, a limit should be fixed for the maximum income that would be allowed to any person in society. The difference between such minimum and maximum incomes should be reasonable and equitable and variable from time to time, so much so that the tenancy would be towards obliteration of the difference.

(vi) Under the Gandhian economic order, the character of production will be determined by social necessity and not by personal greed.

Trusteeship and Economic equality

My idea of society is that while we are born equal, meaning that we have a right to equal opportunities, all have not the same capacity. It is, in the nature of things, impossible. People with talents will have more, and they will utilize their talents for this purpose. If they utilize their talents kindly, they will be performing the work of the State. Such people exist as trustees, on no other terms.

(Young India, 26-11-1931, p.368)

Economic equality of my conception does not mean that everyone will literally have the same amount. It simply means that everybody should have enough for his or her needs. ...The real meaning of economic equality is "To each according to his need." That is the definition of Marx. If a single man demands as much as a man with a wife and four children, that will be a violation of economic equality.

(Harijan, 31-3-1946, p. 63)

Socio-economic inequality is and has been for centuries one of India's most conspicuous problems. Gandhiji emphasized to bring all persons at one economic level by stimulating the rich voluntarily limiting their possessions and standard of living and giving their wealth for the good of the community. Economic equality means abolishing the eternal conflict between capital and labor. It means the leveling down of the few rich in whose hands is concentrated the bulk of the nation's wealth on the one hand, and the leveling up of the semi-starved naked millions on the other.

Trusteeship and Non violence

By the non-violent method, we seek not to destroy the capitalist, we seek to destroy capitalism. We invite the capitalist to regard himself as a trustee for those on whom he depends for the making, the retention and the increase of his capital. Nor need the worker wait for his conversion. If capital is power, so is work. Either is dependent on the other. Immediately the worker realizes his strength, he is in a position to become a co-sharer with the capitalist instead of remaining his slave.

(Young India, 26-3-1931, p. 49)

No other theory is compatible with non-violence. In the non-violent method wrong-doer compasses his own end, if he does not undo the wrong. For, either through non-violent non-co-operation he is made to see the error, or he finds himself completely isolated.

(Harijan, 16-12-1939, p. 376)

Gandhiji attributed nonviolence as a major tool to implement trusteeship and also assigned various ways to bring about equality in distribution. The people need to reduce their wants to a minimum, bearing in mind the poverty of India, aiming to earn free of dishonesty, renouncing the desire for speculation and exercising self-restraint. According to him, as soon as a man looks upon himself as a servant of society, earns for its sake, spends for its benefit, then purity enters into his earnings and there is Ahimsa in his venture. A rich man having the possession of his wealth, of which he will use what he reasonably requires for his personal needs and will act as a trustee for the remainder to be used for the society. In this argument, honesty on the part of the trustee is assumed. Notwithstanding his strong views against those possessing more than what they required, Gandhi was opposed to 'dispossess' them since it would be a departure from the creed of non-violence.

Trusteeship and Corporate Social Responsibility

Mahatma Gandhi believed in the trusteeship model, whereby the wealth one creates has to be ploughed back to the society. Similarly, CSR may be defined as achieving commercial success in ways that honor ethical values and respect people, communities and the natural environment. In its simplest form it is 'what you do, how you do it and when and what you say'. Since corporate bodies have to draw on the community in which they operate for all resources, they also have obligations to their multiple stakeholders. Today, it is acknowledged that business has not just financial accountability but also social and environmental responsibility, popularly known as the triple bottom line of good governance. Corporate bodies involved in discharging social responsibility practices are true followers of Trusteeship Theory of Gandhiji. The Gandhian model of Trusteeship, while being uniquely Indian, provides a means of transforming the present unequal order of society into an egalitarian one. Along with the principle that surplus wealth needs to be kept in trust for the common good and welfare of others, it also specifies that everything we do must be economically viable as well as ethical – at the same time making sure we build sustainable livelihoods for all.

As Mahatma Gandhi said, 'True economics stands for social justice; it promotes the good of all equally, including the weakest, and is indispensable for a decent life.' This view sees equitable distribution of wealth as a measure of success. It also builds the case for CSR being embedded within the business values of an organization.

During the country's struggle for independence, Gandhi's influence prompted various Indian companies to play active roles in nation building and prompting socio-economic development during the twentieth century by committing themselves to his reform programs, which included abolition of "untouchability," the caste system, development of rural areas, and promotion of indigenous cottage industry.

Gandhiji's principle of trusteeship is more relevant today. He wanted the corporates to act as trustees to its stakeholders and develop a culture of sharing. He clearly stated that distribution of wealth is not about charity but about ensuring basic human dignity. This also builds the case for CSR being embedded within the business values of the private sector. Everything that we do must be economically viable as well as ethical at the same time making sure that we build sustainable livelihoods for all.

The Government has recognized and has expressed its appreciation and validation of the Trusteeship concept through the CSR legislation resulting in the omnipresence of CSR in today's India. So, while in the past the idea of Trusteeship was optional and practiced by a few evolved companies, it is now an inevitable element in the form of CSR. In 2014, India became the first country in the world to have a mandatory CSR contribution legislation.

Trusteeship set a powerful trend in India's development trajectory that was articulated differently in different phases of her history though, in conceptual terms, it has elements of Corporate Social Responsibility (CSR) because the principle that the wealthy has a social responsibility (whether institutionalized or not) remains as pivotal in CSR as it was true of Trusteeship.

Conclusion

Gandhi's philosophy of trusteeship was meant for mobilizing the wealthy and the corporates to contribute for the welfare and upliftment of the society. These ideas remain significant mainly due to the following reasons:

1. Corporates today affect the lives of the people both positively and negatively. While they provide employment and economic growth, other externalities like pollution and unsustainable exploitation of resources also occurs.
2. Given the huge leverage of capital and technology that businessmen and industrialists have at their disposal, it can be used for smart solutions in various sectors and even improving health, education and sanitation.
3. Corporate social responsibility also brings in participation of the upper strata in building a just society and decrease inequalities.

Their role in catalyzing welfare of the society from which they derive their growth and contributing in making India a fast-growing economy is immense. Through Gandhi's theory of trusteeship, a socially responsible environment is induced within the corporations that had ultimately imbibed greater values in the society.

Hence, it could be rightly concluded that

‘Today, we are perhaps coming round full circle in emphasizing this concept through an articulation of the principle of social responsibility of business and industry.’ - R.K. Pachauri

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