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**Trusteeship Model: Redefining Business in the 21st Century**

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**Abstract**

Trusteeship, which is primarily a theoretical construct based on high moral values, is an attempt to re-define capitalism as a system of production within 'the limits imposed upon its use for sustaining minimum living standards, the constraints it imposes by prohibiting its use for selfish satisfaction or in disregard of social interests, and the inclusion of legislative regulation for establishing its ownership and directing its usage in a non-exploitative way'. Trusteeship is essentially a mental construct based on strong moral principles. Gandhi's idea of trusteeship was an innovative way of reconciling the psychological need for incentive or reward for skills and entrepreneurship on the one hand and the social need to take care of the deprived on the other. Gandhi's goal was to achieve "economic equality," which he saw as the route to nonviolent freedom. Gandhi in the beginning resonated such obscurantism in his concept of trusteeship which was defense of property that pragmatic equally to the industrial capitalist. Do the difficulties of the twenty-first century – economic upheaval, dwindling values, and the need for long-term prosperity – need a reconsideration of this paradigm, maybe modified to serve contemporary needs?

**Introduction**

India has used a mixed economy strategy to address socioeconomic development since independence, which combines both capitalism and socialism. However, it resulted in the rise of the Indian capitalist class and their wealth. Despite this, many people continue to suffer from poverty, illiteracy, bad health, chronic hunger, a lack of communication, and a terrible quality of life. In 1991, India launched a new economic policy based on the liberalization, privatization, and globalization (LPG) development model to solve the economic crises of the 1980s. The trend of widening the gap between rich and poor, as well as the state's disengagement from social and economic roles, has resulted in a growing acceptance of corporate social responsibility. As a result, the state-led capitalist growth model reduces the opportunity for a welfare strategy, instead leaving welfare in the hands of corporations. Though corporate voluntary practices of philanthropy and charity have long been practised in India, with the rise of the LPG model, corporate houses now use social responsibility as a necessity and advantage for their reputation, highlighting social responsibility as a business case for corporate welfare to avoid criticism for its social and environmentally irresponsible activities. As a consequence of rising criticism and societal discontent across the country, state standards for corporate social responsibility practices have been established.

Trusteeship is limiting one's personal wants and keeping the surplus with themselves exclusively as a trustee, willing to spend it for the sake of society. Trusteeship is essentially the most extreme form of existing belief in divine force. It's not enough to believe in God; it's also necessary to live in God's presence. Some Capitalists have redirected their benefits to an enlisted trust and bring announced them as trustee, anyway this is not accurate trusteeship. Genuine inconsistent trusteeship is consistently living in the presence of divine beings. Trusteeship is economic conscience by which the individual, when engaged in economic activity takes into account not only his own interests but also the interest of others. Gandhi also believed that the trusteeship

model may eliminate the vast imbalance between the wealthy and the poor, as well as avoid the consolidation of economic power in the hands of the state and individuals. The essence of the doctrine is that a wealthy person should be allowed to keep his property without being forcibly taken away from him; however, he must have the honesty and good sense to spend a reasonable portion of his wealth to meet his own needs, and then act as a trustee for the remainder of his property, which must be used for the benefit of society.

### **Philanthropy in Ancient India and Trusteeship**

Charity and philanthropy is in the core of Indian culture and ancient religious practices. The philosophy contained in the concept of 'Ramarajya' bears testimony of the fact that under the Indian cultural heritage, the rulers wielded power not for their own sake but for the sake of their subjects. Bharat reigned over Ayodhya during Ramachandra's absence as the latter's trustee. Lord Krishna acted as the charioteer of Arjuna in the battle of Mahabharata, not with any ulterior motive or expectation of any gain from the battle; he acted as a trustee of Arjuna to give satisfaction to the latter. In the past, the heads of Hindu joint families used to live the life of true trustees. The term 'trusteeship' was first used in relation to property and its ownership. In India the word "trustee" is used in connection with temples and Muths. The word trustee in this context means a person who manages the property of the temple without any selfish interest. The ancient Indian concept of rulers or kings was that of a real trustee. Merchants belonging to the Hindu religion gave alms, got temples and night shelters made for poor. Hindus observed Righteousness, in which the maker or seller charged the buyer a certain sum to be utilised for charity. Trusteeship is drawn on a foundational principle of the Indian religious text, Bhagwad Gita which suggests that 'enjoy thy wealth by renouncing it'.

According to Devadatta Dabholkar "voluntary surrender of privileges, power and prestige without expecting anything in return (even by way of appreciation or recognition) is trusteeship." According to K. Arunachalam, "trusteeship means confidence reposed in a person with respect to property of which he has possession and over which he can exercise power for the benefit of some other person or object." According to K.M. Munshi, "He held the family property and was expected to manage and administer it for the welfare of the family. He was expected to watch with care the advancement of its younger members belonging even to collateral branches and had to give asylum to the orphans, widows, destitutes in the family<sup>1</sup>."

### **How Trusteeship Idea generated in Gandhi's Mind**

Gandhi's trusteeship was rooted in strong religio-social tradition of India. He based his doctrine of the first verse (Sloka) of Isopanishad which insist that one should dedicate everything to God and then use only when it is required for one's survival. Gandhi himself has described how the idea of trusteeship was given to him by a verse in the Isavasya Upanishad.

ईशा वास्य मद् सर्वं यत्किञ्च जगत्यां जगत्।

तेन त्यक्तेन भुञ्जीथा मा गृधः कस्यस्विद्धनम्। यजुर्वेद 40 वां अध्याय प्रथम मंत्र ईशावास्योपनिषद्

(All this, whatsoever moves in the world, is pervaded by joy God; do not covet, for whose indeed is wealth? It is only through renouncing that you can enjoy possessions.)<sup>2</sup>

Two fundamental concepts of Indian scripture, Bhagwad Gita namely aparigraha (non-possession) and Sumbhavana (equality or oneness with all) remained critical in his formulation. Gandhi translated these two major values of Bhagwad Gita into trusteeship. Trusteeship loses its meaning unless these two

characteristics are instilled. In developing his concept of trusteeship, Gandhi drew on indigenous sources. He accepted trusteeship as a practical proposition which shall liberate the wealthy and the possessing class of their sin of acquisitiveness and greed and effect a change over in favour of egalitarian society. Elaborating the Upanishadic mantra 'तेन त्वा तेन भुंजीथा' he said, 'Earn your crores by all means. But understand that your wealth is not yours, it belongs to the people. Take what you require for your legitimate needs and use the remainder for Society<sup>3</sup>.

Gandhi's idea of trusteeship seems to have been rooted in the law of non-possession or aparigraha. It was founded on 'his religious faith that everything belongs to God and was from God.' There was nothing which exclusively belongs to an individual since 'the bounties of the world were for his people'. When an individual had more than his respective share, he became, as the argument goes, a trustee of that portion for God's creation. Based on his absorption of the Spirit of Isopanishad, Gandhi's trusteeship was a well-meaning effort to resolve all social and economic conflicts which grew out of inequalities and privileges of the prevalent social order<sup>4</sup>. His concept of Trusteeship flows from ethics of Aparigraha and Ahimsa. Aparigraha is the ethical ideal of non-possession, abandonment of ownership, liberation from the attenuate as able-bodied as the base bonds that backing coin for one<sup>3</sup>. Gandhi said, "A society that accepts the ideal of non-possession or Aparigraha is the anti thesis of an acquisitive society. In such a society, abundance will not be equated with the multiplication of wants and the accession of absolute appurtenances to amuse our anytime accretion wants. No one can satisfy his desires unless he works, because there will be no inheritance<sup>5</sup>. The average of sustenance and self-expression is once again assigned. The term "assignment" refers to a man's responsibility<sup>6</sup>. As a result, everyone has a right to restitution livelihood. As a result, the ideal amusing or bread-and-butter change would be one that assures this<sup>7</sup>."

In his views, trusteeship is an exact articulation of 'the English rule of equity' that was deliberately distorted by the ruler in India to justify colonialism. In formulating his ideas of trusteeship Gandhi was also heavily influenced by John Ruskin 'Unto This Last' and other essays. Gandhi summaries the teachings of the book in following terms, that the welfare of the individual is included in the good of everyone, that a lawyer's job has the same value as a barber's labour in the sense that both have the right to earn a living from their profession; and that a life of tiller of the land and handicrafts is a life worth living. He translated it later into Gujarati, entitling it Sarvodaya (the welfare of all)<sup>8</sup>. According to Gandhi, Ruskin laid the foundation for trusteeship by enumerating the following conditions which 'a merchant' should take as his duties: A merchant should, in his call to duty, use his utmost energies not just to produce at the cheapest cost but to distribute at the cheapest price where the merchandise is most needed. In the course of doing this he should be prepared to meet 'fearlessly any form of distress, poverty, or labour which may, through the maintenance of these points come upon him' and 'For as consumption is the end and aim of production, so life is the end and aim of consumption. Gandhi appears to have been persuaded by Marx's notion of economic equality that entails that everyone is entitled to have as much as he or she requires for 'a quality survival'. The similarity ends here because whereas Marx recommended violent class struggle to get rid of economic inequality, the Mahatma sought to accomplish his task 'through non-violence, by converting people to [his] point of view by harnessing

the forces of love as against hatred'. He further suggested that it would be a mockery to talk about economic equality unless one was dispossessed of one's wealth to 'reduce oneself to the level of the poorest of the poor'<sup>9</sup>.

Gandhi may also have been influenced by Andrew Carnegie's '*The Gospel of Wealth*' which was regularly serialized in different publications in England, including Fortnightly review, 19th century, Sunday Review and Pall Mall Gazette during the 1888-91 period when Gandhi was there pursuing his training as a lawyer. He was convinced that he should cease to fight for riches in order to live according to the principles he represented in his Gospel. [He therefore] resolved to stop accumulating and begin the infinitely more serious and difficult task of wise distribution<sup>10</sup>. Carnegie created a system by encouraging the rich to accept the idea of 'trusteeship,' which is to be regarded to be the duty of the man of wealth, in order to provide an alternative to socialism inside capitalism. He further insisted 'to set an example of modest, unostentatious living, shunning display of extravagance; to provide moderately for the legitimate wants of those dependent upon him; and, after doing so, to consider all surplus revenues which come to him simply as trust funds, which he is called upon to administer... the man of wealth thus becoming the mere trustees and agent for his poorer brethren, bringing to their service his superior wisdom, experience and ability to administer doing for them better than what they would or could do for themselves'<sup>11</sup>. In order to serve the poor, Carnegie recommended that the surplus wealth should be spent on worthy causes, like building education institutions, hospitals and churches among other things. He decreed that there are three modes for disposing wealth: leave it to the family, bequeath it for public purposes and administer it before dying. When he assessed each method, he immediately discarded the first as "the most injudicious," because pampered heirs spend and lose riches, benefiting no one. Giving one's riches to charity was no better than entrusting it to one's servants. Carnegie, on the other hand, disliked this since it was more likely to cause squabbles among people in charge of the riches about how best to spend it. Carnegie concluded his evaluation of the second mode by saying that "men who leave vast sums in this ways may fairly be thought men who would not have left it all had they been able to take it with them". He thus strongly felt that 'in bestowing charity, the main considerations should be to help those who will help themselves [because]... neither the individual nor the race is improved by alms giving ... for in almsgiving more injury is probably done by rewarding wise than by relieving virtue'<sup>12</sup>.

### **Gandhi's Theory of Trusteeship**

Trusteeship, to Gandhi, was neither an economic expedient nor a make shift for him. It was a way of life. He said: "My theory of trusteeship is no make shift, certainly no camouflage. I am confident that it will survive all other theories. It has the sanction of philosophy and religion behind it"<sup>13</sup>. Thus Gandhi describes trusteeship as a three-dimensional concept: first, Trusteeship is a moral attack on those with disproportionate wealth which is possible only when one 'thieves it from somebody else'; secondly, Gandhi held the view that with equal distribution of what Nature produces, there would be 'no pauperism' in this world; and thirdly, notwithstanding his strong views against those possessing more than what they required, Trusteeship does not stand for itself. It is a part of larger economic philosophy and, therefore, contingent upon the existence of many other factors. Trusteeship is based on at least four Gandhian concepts: Non-possession, Non-violence, Swaraj and Economic equality, which are all inter-linked with one another. Trusteeship implies self-reliance, self

discipline and certain autonomy of the producing unit. Non-violence, equal distribution, self-reliance and trusteeship got interlinked.

The spirit of detachment and service is the most important aspect of this ideology. Gandhi mentioned, 'I must know that all wealth does not belong to me; what belongs to me is the right to an honourable livelihood, no better than that enjoyed by millions of others. The rest of my wealth belongs to the community and must be used for the welfare of the community'<sup>14</sup>. Being critical of 'individual property', Gandhi firmly believed that Trusteeship, by contributing to 'corporate property', was the answer to capitalism which by injecting fierce competition, allowed 'violence' to strike at the roots of human society. Gandhi did not elaborate precisely what he means by corporate property. Nonetheless, corporate property is critical to Gandhi's conceptualization of trusteeship which primarily drew on 'voluntary' surrender of a significant portion of private wealth to meaningfully establish trust between the rich and the poor<sup>15</sup>. According to Gandhi, 'at the root of this doctrine ... must lie that of the trusteeship of the wealthy for the superfluous wealth possessed by them [and the rich men] may possess nothing beyond what is required for personal needs'<sup>16</sup>. His doctrine of Trusteeship is designed to work in all spheres of life; like parents acting as trustees for their children; the government should act as trustees of those who have chosen them to be their representatives in the legislative assemblies. The trustee, by its implications, meant that he is not the owner. The owner is one whose interest he is called upon to protect".

#### **Gandhian Trusteeship Model in Contemporary India**

Trusteeship it is not a choice, either to a capitalist or to a selfish bureaucrat. It is movement towards social self management of industry. As a movement, it aims at a socio-economic and political arrangement in the society. At personal level, trusteeship as a movement makes man strengthen himself. At inter-personal level, trusteeship as a movement always tries to establish cordial relationship. It streamlines and strengthens the relations between the individual. As institution it stands for serving a common purpose - economic, political, social, etc. Gandhi's principle of trusteeship is more relevant today. He was ready to make trusteeship a legalized institution. He wants to give it a statutory form through the legislative channel. He mentioned the following series of majors to bring about the change in the heart of the rich; appeal to the better instincts in the rich, persuasion, education regarding inevitability of change, the greatest unattractiveness of the alternative of change by violence, non-violent, non-cooperation by the exploited that would make the exploiters functioning impossible and legislative action<sup>17</sup>. Trusteeship becomes essential rather than desirable when we come to the great companies, including nationalised industries and multi-national corporations. Here the declaration of corporate purpose and the opening of the books to the social auditors becomes mandatory/or trusteeship. The concept of trusteeship, as Gandhi defined, is a testimony of corporate social responsibility which meant an engagement of business in development. Trusteeship which Gandhi described as 'India's gift to the world' is revolutionary because it drew on the complete negation of values integral to capitalism, namely, private property and competition. While articulating his view of Trusteeship, Gandhi thus argued,

'If I take anything that I do not need for own immediate use, keep it, I thief it from somebody else. I venture to suggest that it is the fundamental law of Nature, without exception, that Nature produces enough for our wants from day-to-day, and if only everybody took enough for himself and nothing more, there would be

no pauperism in this world, there would no man dying of starvation in this world. But so long as we have got this inequality so long we are thieving. I am no Socialist and I do not want to dispossess those who have got possessions; but I do say that, personally, those of us who want to see light out of darkness have to follow this rule. I do not want to dispossess anybody. I should then be departing from the rule of Ahimsa. If somebody else possesses more than I do, let him. But so far as my own life has to be regulated, I do say that I dare not possess anything which I do not want'<sup>18</sup>.

Gandhi regarded the Indian companies and industries as "Temples of Modern India". He influenced the industrialists and business houses to build trusts for colleges, research and training institutes. These trusts also worked to enhance social reforms like rural development, women empowerment and education.

### **Trusteeship in form of Corporate Social Responsibility in 21<sup>st</sup> Century**

Although the word CSR is new to India, the notion extends back to Mauryan times, where thinkers such as Kautilya stressed ethical business methods and values. In ancient times, CSR was performed informally as a kind of philanthropy to the impoverished and underprivileged. The significance of sharing one's earnings with the poor has been addressed in Indian texts on numerous occasions. Sharing and caring are deeply ingrained in our culture. Until 1850, affluent businessmen distributed their money to society by founding temples or religious organisations. They opened their granaries to the needy and hungry during famines. With the introduction of colonial administration in 1850, the attitude regarding CSR shifted. CSR was also encouraged by the pioneers or propagators of industry in the pre-independence era. Industrialist families such as the Tatas, Birlas, Modis, Godrejs, Bajajs, and Singhanias promoted this notion in the early 1900s by establishing philanthropic foundations, educational and healthcare institutions, and community development trusts<sup>19</sup>. The second phase was the battle for independence, during which industrialists were pressured to demonstrate their commitment to the welfare of society. Gandhi advised rich manufacturers to share their money for the benefit of the society's poor. Gandhi also wanted the Corporates to act as trustees to its stakeholders and develop a culture of sharing. He made it plain that wealth distribution is about guaranteeing fundamental human dignity, not charity. This further strengthens the case for CSR being integrated into private-sector corporate values. CSR was impacted by the establishment of public sector undertakings to guarantee proper income distribution in the third phase, from 1960 to 1980. Corporate malpractices emerged from a programme of industrial licencing, hefty taxes, and restrictions on the private sector<sup>20</sup>. As a result, legislation on corporate governance, labour, and environmental problems was enacted. Since 1980, Indian firms have included CSR into a long-term business plan. The country's economic growth soared in the 1990s as a result of globalization and economic liberalization, as well as the partial removal of restrictions and licensing systems. As a result, industrial growth increased, allowing firms to contribute more to social responsibility. Corporate Social Responsibility (CSR) refers to the corporate sector's responsibility to the society in which it makes a profit by selling goods and services<sup>21</sup>. Companies have a serious responsibility to play a role in contributing to humanity's and society well-being and all of the political, economic, social, and environmental issues that humans are facing, the reason that companies should put their heart and soul into CSR activities in the second decade of the twenty-first century is because the new Companies Act, 2013 requires firms to spend 2% of their average net earnings over the previous three financial years on CSR<sup>22</sup>. CSR has become an integral

part of a company's functioning and today it has become indispensable that a firm demonstrates such responsibility.

The government has acknowledged and validated the Trusteeship idea through CSR law, resulting in CSR's omnipresence in today's India. In order to give shape to their strategies, many corporates have specialized CSR teams that formulate policies, strategies, and goals for their CSR programs and set aside budgets to fund them. The policies created by the designated teams are always designed with the main business aim in mind. For example, a more comprehensive method of development is adopted by some corporations such as Bharat Petroleum Corporation Limited, Maruti Suzuki India Limited, and Hindustan Unilever Limited. Provision of improved medical and sanitation facilities, building schools and houses, and empowering the villagers and in the process making them more self-reliant by providing vocational training and a knowledge of business operations are the facilities that these corporations focus on<sup>23</sup>. So, whereas Trusteeship was formerly voluntary and only performed by a few forward-thinking firms, it is now an unavoidable component of CSR. Trusteeship established a powerful trend in India's development trajectory that was articulated differently at different times in her history, though it has elements of Corporate Social Responsibility (CSR) in terms of concept, because the principle that the wealthy have a social responsibility (whether institutionalised or not) is as important in CSR as it is in Trusteeship.

### **Conclusion**

Legislation or the formation of a strong moral character can be used to control societal desires and greed. India is a large country with a diverse culture, and each state is large enough to be considered a tiny nation. With the current difficulties of population, destitution, and lack of government, the major thing that could attain any type of stability is lack of governance. As we cease to battle with the framework for daily needs, a rhythm may be necessary for even well-off individuals such as ourselves to consider society at large inside our working environments. Gandhi's trusteeship ideology was intended to mobilize the affluent and corporations to contribute to the welfare and upliftment of society. If the trusteeship concept is implemented in a community, area, group, village, etc., there will be no poverty. The capitalists ought to consider their relatives first. Let them ensure that their surplus assets would utilize for their needy relatives. Later it might be extended to others. One has to be exceedingly profound to follow this principle. Change from hunger of wealth to their liberal use cannot happen overnight. One must start the purification process of inner-self toward working on procedure in art about living and so on. Trusteeship is a provocative theoretical construct seeking to redefine the relationship between the indigenous business houses and the society at large which can be well articulated in the contemporary times i.e. in the 21<sup>st</sup> century in the form of Corporate Social Responsibility. The fundamental objectives, underlying the Trusteeship is to create a non-violent and non-exploitative acreage relationship.

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