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Relevance of trusteeship model in modern business world

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ABSTRACT

The background of Gandhian economy is very strong. Gandhi was fighting against extreme poverty, backwardness and socio-economic challenges as a part of the freedom movement. While the world has progressed manifold over the past century, the past few decades has forced to pursue that progress, mostly in terms of economic growth. The poster word for development, capitalism, has been busy in most countries. Trusteeship is a unique concept advocated by Gandhi to establish social and economic equality. It is a concept that has its origins in spirituality, in which a person voluntarily surrenders his surplus wealth, and entrusts it for the welfare of the poor section of the society.

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1. Introduction

Karl Marx, Adam Smith, Tolostoy, Ruskin Bond, R.C. Datta and many others examined the writings of Gandhi in the context of India and began to think about various economic problems and adopted various action plans to solve those problems. Gandhi thought that economic self-reliance is very essential for an individual and the nation. The important economic asset of the nation is human being, so working for the overall development and economic equality of the individual throughout his life is very relevant. To work for economic equality means to end the conflict between capital and working class of the society. Gandhi used many non-violent means to strengthen the economic foundation and individual of the nation and to make the country financially self-reliant. Swadeshi, Swaraj, Sarvodaya, and Trusteeship are some of them.

Swadeshi literally means "belonging to one's own country". Gandhi applied this concept to almost every sphere of life, social, political and economic. The

indigenous principle is employed to protect the home industry. By protecting the home industry, Gandhi tried to make the individual and the nation financially self-reliant. Swaraj means self-government or own government. Gandhi realized that political independence is necessary to achieve ideal state, i.e. Swaraj is necessary. He also explained Swaraj from an economic point of view. Economically Swaraj means complete economic freedom for all the people of the country. Gandhi says "Swaraj of my dream is poor man's swaraj". Sarvodaya is a movement which literally means the good of all. The main aim of the movement is rural reconstruction and upliftment of all. He introduced the concept of trusteeship to eliminate the gap between the poor and rich and establish lasting peace in the society. It is a concept where the individual voluntarily gives up his right on wealth and dedicates it for the welfare of weaker section of the society. The idea of trusteeship is based on the belief that no one can be the permanent owner of property. Everything belongs to God.

Gandhi was one of the greatest political, spiritual and social leaders the world had ever known. He peacefully led millions of people to freedom, not once deviated from

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his proven principles of truth and non-violence. Thus, his ideas and philosophies, though formulated a century ago, are relevant even in the twenty-first century. Therefore, it is important to rethink the challenges face in today's contemporary world to address them.

2. Materials and Methods

The study used articles and reports as reference for systematic analysis

3. Analysis and Discussion

3.1. Economic base of society

Mahatma Gandhi argued that the economic base of a society should not be separated from morality and spirituality. The economic base of the society should be based on love and trust in order to establish peace and harmony in the society. He never separated his economics from ethics. He observed that economics hurting the moral well-being of an individual or nation is immoral and sinful. Gandhi always worked to establish economic equality in the society. But he never used external power to establish equality, but only used spiritual power. He believed that if people develop the qualities of empathy, kindness, benevolence and a sense of unity, they would voluntarily think of the weaker section of the society.

3.2. Trusteeship

Trusteeship is a socio-economic philosophy developed by Mahatma Gandhi as a part of his nonviolent revolution. It is a concept where a person voluntarily gives up or renounces his right on the money earned by him and dedicates it for the welfare of the poor section of the society. Gandhi firmly believed that every bourgeoisie being a human being had an element of goodness in him. Therefore, when they feel that without the labor of the poor it would not be possible for them to earn money, the capitalist would act only as a trustee for the poor. They will then keep all the surplus money or money in trust for the welfare of the poor thereby establishing economic equality in the society. Gandhi described trusteeship as, "Suppose I have brought a fair amount of money by way of inheritance or through trade and industry. I must know that all that wealth is not mine. The rest of my property belongs to the community and should be used for the welfare of the community." Mahatma Gandhi used it as a powerful tool to remove economic and social inequality and eventually establish peace in the society. Gandhi had no doubts about its enduring value. He said, "My doctrine of trusteeship is not temporary, certainly no camouflage. I believe it will survive all other principles. Behind it is the acceptance of philosophy and religion". He used trusteeship as a tool to establish economic and social equality. In fact Gandhi said that his trusteeship was a gift from India to the world.

3.3. Definition

A trustee is someone who holds assets in trust for the benefit of others, and is legally and ethically bound to manage the trust in a responsible and productive manner for the benefit of the trust's beneficiaries. The trustee can have a share of the trust's profits like other beneficiaries. Trustee cannot leave his assets to the public other than to his children as heirs. Gandhi thought that the idea of ownership was basically a form of violence. So if the capitalists or rich people feel that their surplus wealth is not really their wealth and if they voluntarily put their surplus wealth in trust then it will certainly guarantee social and economic equality. Gandhi wanted the capitalists to become the trustees of the nation by running their business honestly for the welfare of the people.

3.4. Origin of trusteeship

The concept of trusteeship comes from the ideas of non-violence and non-possession. For Gandhi, non-violence is the greatest virtue. Ahimsa generally means non-violence. Gandhi gave a new dimension to the supreme human value in theory and practice. The general meaning of non-violence is not only to refrain from hurting the creature; it signifies some positive attitudes towards other living beings which one should develop. In fact, non-violence in its positive aspect is nothing but love. This positive attitude inspired Gandhi to think about the concept of trusteeship. It is true that one cannot earn extra money without exploiting the labour of others. Exploitation is a form of violence. A true believer of non-violence can never exploit the labour of others for more money. A supporter of nonviolence can then keep anything in excess as a trustee for others. Gandhi believed that at its core the concept of ownership or capitalism involves a form of violence. Centralization of power creates social and economic inequalities in the society. But Gandhi did not believe that evil could be removed from society by transferring concentrated ownership from the individual to the state. So he offered trusteeship as an option. Trusteeship based on non-violence is nothing but the ethical idea of non-possession. It also means being detached from worldly things and things, and living an honest life and avoiding greed. Gandhi was deeply influenced by this moral idea and hence he developed the concept of trusteeship. He thought that complete non-possession is impossible since the body is possessed. But one must differentiate between needs and wants, minimizing one's desires. Gandhi believed that God never creates more than what is desperately needed at the moment. Hence, to possess something, more than what we need, is against the fundamental law of nature.

3.5. Key features of trusteeship

The salient features of trusteeship are:

1. Trusteeship is a socio-economic philosophy, which provided a means by which the wealthy would be the trustees of the trust that looked after the welfare of the people in general. Trusteeship provides a means to transform the current capitalist system of society into an egalitarian one.
2. Gandhi used trusteeship as a powerful tool to establish lasting peace in the society by removing economic and social inequalities. He did not believe in the capture of power, but believed in the accumulation of power for many. He believed that the concept of ownership or capitalism itself contained a form of violence. He believed in equal distribution of wealth. Therefore, he used trusteeship as a tool to remove social and economic inequalities from the society.
3. Trusteeship tries to bridge the gap between rich and poor. Economic equality is the main key of the non-violent movement. That's why Gandhi wants to end capitalism, not capitalists. He invites the capitalist to be the trustee.
4. It tries to change the attitude of the capitalist. Because without the labor and cooperation of the poor section of the society it would not be possible for the capitalist to accumulate wealth. Therefore, they should voluntarily surrender their excess assets and place it in trust for the welfare of the working class and poor.
5. Gandhi's trusteeship included not only a physical source of wealth and power, but also non-material possessions such as special talents that certain individuals possess. Gandhi believed that every person has some talent or ability, but exploit that talent or ability for personal gain in the belief that we own the talent. But Gandhi said that we do not have talent, but we have been appointed as trustees by God and hence we should use talent to help others who are less fortunate or talented.

3.6. Trusteeship and the modern world

Gandhi's concept of trusteeship has been criticized for having some limitations. Some critics are of the opinion that it seeks to destroy capitalism and support socialism. But in today's time instead of socialism, capitalism is proving to be very successful all over the world. Some people want to blame that it will take away the working spirit of the businessman which will slow down the economic development of the society. In today's competitive world again every businessman tries to accumulate more money. So a trusteeship attitude never allows a business person to accept the concept of trusteeship easily. But despite all this, we cannot consider trusteeship as an impractical and imaginary principle of Gandhi. It is true

that not all the principles of Gandhi are relevant in the context of modern times, but some of them are relevant. Trusteeship is one of them. If we go deep into the corporate world then we will come to know about the concept of Corporate Social Responsibility. The welfare activities undertaken by the corporate world is known as Corporate Social Responsibility (CSR). The root of Corporate Social Responsibility lies in Gandhi's concept of trusteeship. Every company takes its resources from the society so they should have some responsibilities towards the society. It has been seen that nowadays every company spends huge amount in the name of social service. Many of them have their own NGOs, some company involve themselves in charity work also.

3.7. Trusteeship in the 21st century

'Change' has been seen as an important need of every society left behind in the race of industrialization. There is a 'performance effect' where every poor country looks to global giants as a measure of progress and modernity, making wealth accumulation the primary objective of every business.

Therefore, it has led to competitions between nation states and business companies which ultimately resulted in more problems than solutions. One could also argue that the journey of growth and accumulation of wealth has also directly contributed to the widespread poverty in countries. The issue of poverty is one of the greatest manifestations of economic violence around the world. While ideally, a company's financial success depends, over the long term, on its ability to generate positive economic, social and environmental value in every aspect of the business, in our passion for economic growth over the past few decades, we have forgotten about the other two variables, almost completely. These two variables, social and environmental values, as well as economic development, can be better addressed through Gandhi's idea of trusteeship. In the present scenario, the principle of trusteeship has implications at both macro and micro levels. It emphasizes equitable distribution of wealth as a real indicator of progress. Gandhi also emphasized that this equitable distribution is about ensuring human dignity and not charity. Data from the Global Consumption and Income Project (GCIP) shows that Brazil, Russia, India, China and South Africa (BRICS) countries still account for 45 percent of global poverty.

3.8. JRD Tata and the trusteeship model

The Tata Group is known for its commitment to Corporate Social Responsibility, as expressed in Gandhi's concept of Trusteeship. The enduring principle of doing business for the Tata founders was to integrate environmental and social principles into businesses, ensuring that what comes

from the people often goes back to the people. JRD Tata spoke of VARIG, which was once Brazil's largest airline, in 1977 at a seminar on trusteeship. To him, the special thing about Varig was that it was self-owned by the employees to the extent of 50-60 percent. A few decades ahead of time, when the airline was still very young, employees bought it, for practically nothing, to save their jobs and keep the airline from collapsing. He acted very wisely; put his shares in a trust and set the perfect example of trusteeship in the industry. Tata Trusts holds 60 percent of Tata Group assets that flow back to community projects, demonstrating a unique global model that makes it possible to generate profit while doing social good. Following in the footsteps of its founder, Jamsetji Tata, the group has treated its employees with respect since its inception. Through grant-making, direct implementation and co-participation strategies, the Trusts support and drive innovation in the areas of health care and nutrition; water and sanitation; energy; rural livelihood; natural resource management; urban poverty alleviation; and education. JRD Tata's philosophy and approach to business deeply exposed business and philanthropy that were intrinsic to him. NIAS was conceived in 1988 by JRD Tata in the exercise of trusteeship. Small companies committed to their mission usually have a sense of community to build and feel. They are young, spirited and united like a close family. But maintaining this sense of community is not easy as the company matures.

3.9. *Jamnalal bajaj and the trusteeship model*

An honest industrialist might be a myth in India, considering how often scams of various sizes come to the fore. In the 1920s, however, when India was fighting for independence, Jamnalal Bajaj emerged as a moral entrepreneur who was dubbed the 'merchant prince' by Mahatma Gandhi. Jamnalal was born on November 4, 1889, in a village in Rajasthan to small Marwari moneylenders. At the age of 5, he was adopted by a merchant family from Wardha. After a brief schooling period, at the age of 12 he was married off to the daughter of a fine merchant from Javra. He took over the family business of his adoptive parents in Wardha at the age of 17 and established several factories and companies. After Mahatma Gandhi returned to India from South Africa, Bajaj immediately took a liking to his teachings. In order for Gandhi to make Wardha the center of his independence movement, Bajaj donated 20 acres of land to Gandhi, who later adopted him as a son. Despite the Marwari business community enjoying warm relations with the British, Jamnalal renounced the title of Rai Bahadur and the honorary magistrate given to him during the First World War and joined the independence movement. Jamnalal participated in the non-cooperation movement (1920-22), Nagpur Jhanda Satyagraha (1923), boycott of Simon Commission (1928), Dandi March (1930),

other important events till 1942. After Gandhi's arrest followed the Dandi March and the ensuing arrest, Jamnalal found himself in the Nashik Central Jail for two years. In 1942, at the height of the freedom movement, Gandhi wrote of Jamnalal in Harijan, "There was no work of mine in which I did not receive his full cooperation in body, mind and wealth. He had neither interest in what is called politics, nor in him. I was attracted to it. He was drawn to it because I was into it. My real politics was constructive work, and so was his politics. I hoped that after me he would do my best to do those things that were of special importance". But Bajaj was more than just an industrialist or freedom fighter, he was also a philanthropist. He, as the founder-president of Gandhi SevaSangh, and toured all over India urging the establishment of Khadi industries. Actively promoted Hindi as the national language, Jamnalal breathed his last on 11 February 1942 at his Wardha home, after 53 years of political and social activism.

Jamnalal Bajaj founded the Bajaj group of companies in 1926. Jamnalal Bajaj was known for his association with Mahatma Gandhi and for his active participation in India's freedom struggle and social reforms. Jamnalal Bajaj opened their family temple to Harijans, who were earlier not allowed inside temples. Jamnalal Bajaj says, "Business should be pursued with a view to benefit the poor, not just to become a millionaire or a billionaire". His life indicates his message of "Truth and Integrity form the bedrock of prosperity in business".¹ The Bajaj group has named their foundation as 'Jamnalal Bajaj foundation'. While the British government bestowed Jamnalal Bajaj with the titles of 'Honorary Magistrate' and 'Rai Bahadur', he renounced them due to his involvement in India's freedom movement and his endeavours to understand the soul of India. In his tribute to Bajaj in 1942 shortly after his death, Gandhi wrote, "Whenever I wrote about the wealthy becoming trustees for the common good of their wealth, I always had this merchant prince in my mind."

4. **Prafulla Chandra Ray and Mahatma Gandhi**

Considered as the father of Indian pharmaceutical industry, Prafulla Chandra Ray was a teacher and philanthropist. Some of the contributions and achievements of P C Ray were:

In 1901, he founded the Bengal Chemicals and Pharmaceutical Works Ltd., India's first pharmaceutical company.

Also, founded the Bengal Salt Corporation and a cotton mill at Khulna in Bangladesh; 'Emeritus Professor' at Calcutta University and prolific writer in English and Bengali.

One of the works includes 'A History of Hindu Chemistry from the Earliest Times to the Middle of Sixteenth Century AD'.

Known for philanthropic contributions to various service endeavours, which included social service projects and

projects related to the promotion of science, especially chemistry. At the age of 60, he donated, in advance, all his salary from the university towards the development of chemistry department and for creating two research fellowships.¹ While introducing Ray to Gandhi, Gopal Krishna Gokhale says, “This is Professor Ray, who, having a monthly salary of Rs 800, just keeps Rs 40 for himself and devotes the balance to public purposes. He is not, and does not want to get, married.”²⁻⁶

Prafulla Chandra Ray worked towards the popularisation of khadi, supported the entry of Harijans to temples, and was against distribution of any state favour based on communal grounds.¹ A research-paper about him states, “He became the guru of the first research school of chemistry in the country, the first historian of chemistry in ancient and medieval India, a champion of the Indian Chemical Industry and the founder of the Indian Chemical Society.”³ PC Ray retired at 75. Mahatma Gandhi says, “Great he undoubtedly is: But goodness from Indian standpoint is greater than greatness and Acharya Ray is even more good than he is great. And it is his goodness — his childlike simplicity, his suavity of manners, his ready accessibility, his unblemished purity, unostentatious charity, his voluntary poverty with plain living and high thinking, his enthusiasm and optimism, his innate spirit of self-denial, his incurable habit of always taking a back seat, his sturdy independence, his inflexible incorruptibility... in a word, his nobility of nature made him idol of the people. Service and sacrifice were his watchword”.³

5. Conclusion

Trusteeship is a unique concept advocated by Gandhi to establish social and economic inequality. It is a concept that has its origins in spirituality, in which a person voluntarily surrenders his surplus wealth, and trusts it for the welfare of the poor section of the society. A trustee is a person who holds assets in a trust for the welfare of his or her beneficiary. He must be morally and legally bound to manage the trust. The concept of trusteeship flows from the ideas of non-violence and aparigraha. Positively ahimsa

stands for love and negatively it means non-killing. The very concept of trusteeship is rooted in the concept of non-violence. Because a true believer of nonviolence can feel the true meaning of trusteeship, a supporter of nonviolence cannot starve for wealth. With the help of trusteeship, Gandhi tried to establish lasting peace in the society by removing economic and social inequality. The protection of human dignity and the promotion of human life is the core of trust.

6. Source of Funding

None

7. Conflict of Interest

None.

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