

# Rizvi College Of Arts, Science And Commerce

Subject: Business Ethics and Corporate  
Governance

Topic: Gandhian Principle of Trusteeship

Class: TYBBI

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# GANDHIAN PRINCIPLE OF TRUSTEESHIP

Chapter 6



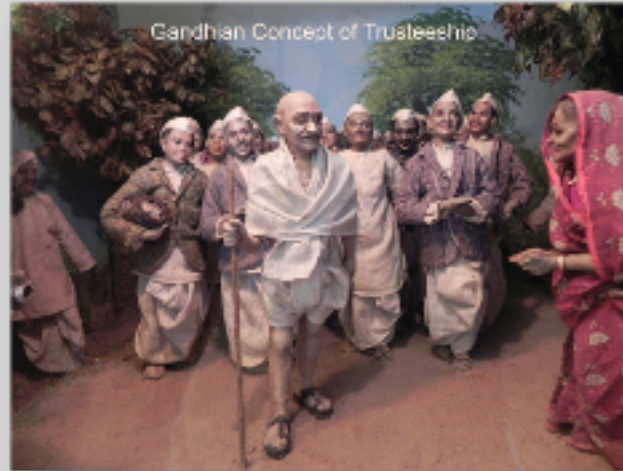
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# Introduction:



Trusteeship is a socio-economic philosophy that was propounded by Mahatma Gandhi. The Gandhian Principle of Trusteeship is closely related to the “Social Responsibility of Business”.

According to the Gandhian Concept of Trusteeship,  
“All business firms must work like a Trust.”



# Meaning:

Trusteeship occupied a prominent place in the Gandhian thought.

The principle of Trusteeship expresses the inherent responsibility of a business enterprises to its consumers, workers, shareholders, and the community and the mutual responsibilities of these to one another. The concept of trusteeship implies stewardship without ownership. Gandhi wanted to a bridge the gap between the rich and the poor.

The wealth and talent should be considered as a trust of the whole society and as 'trustee' the individuals should handle it for the betterment of society.



# Mahatma Gandhi's Concepts and Quotations:

Mahatma Gandhi was influenced by Ancient Indian Philosophy and teachings of Holy Bhagavad Gita.

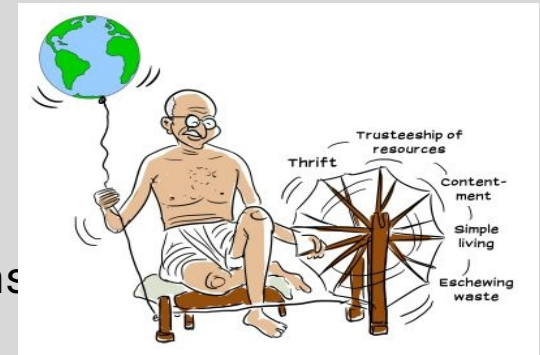
Gandhiji gave importance to following two concepts:

- (1) Aparigarha i.e. Non-Possession.
- (2) Sambhawa i.e. Equitable Distribution.

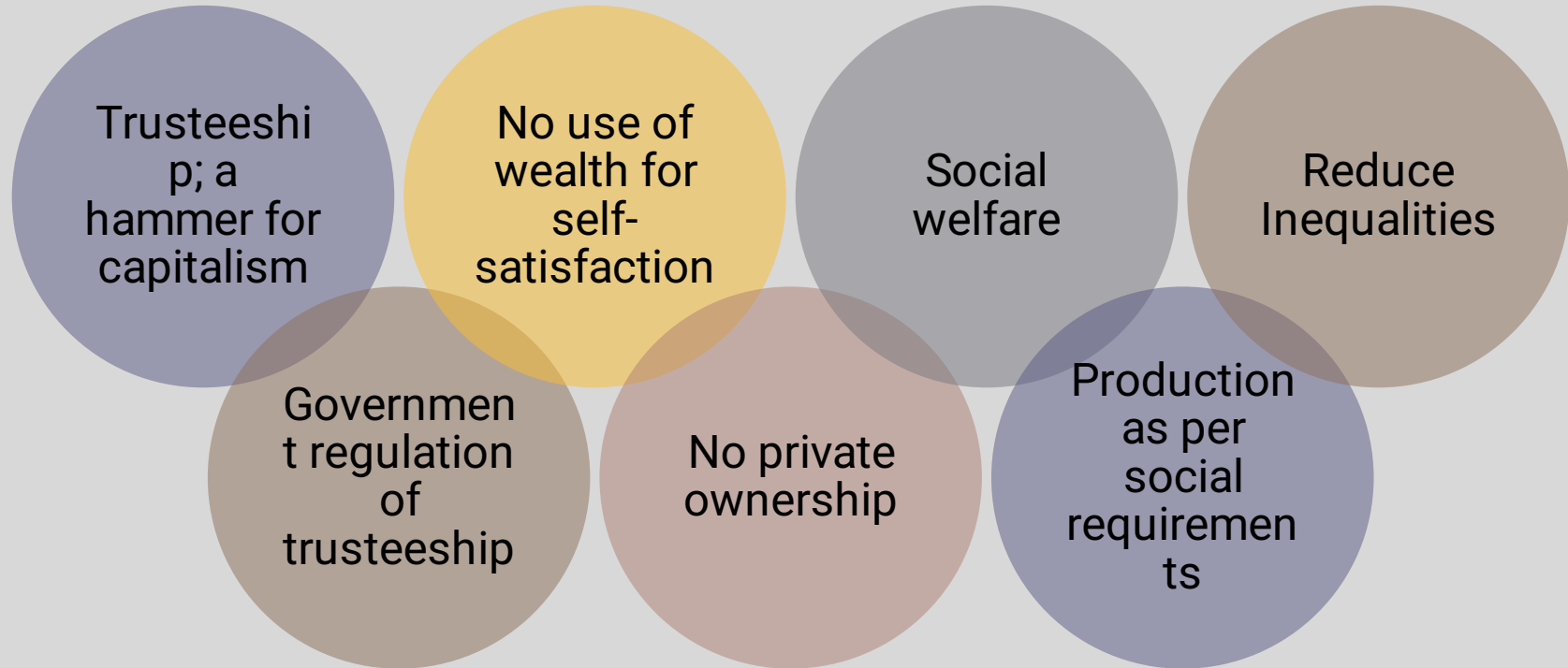
Gandhiji also gave importance to following two quotations

- (1) "Enjoy the wealth by renouncing it."
- (2) "Excel in your work, produce wealth, take the minimum which you need, leave the rest to the welfare of the community."

Few richest men in the world, especially, Bill Gates and Warren Buffet are practicing the Gandhian Principle of Trusteeship.



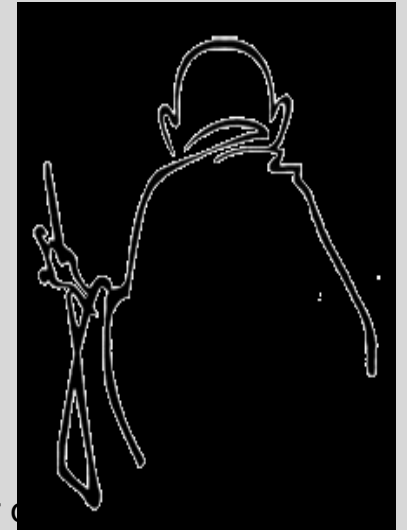
# Principle of Trusteeship:



# Limitations of Principle of Trusteeship:

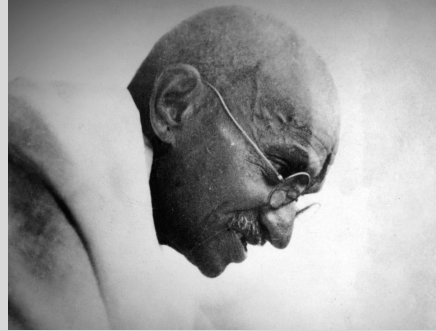
Critical Evaluation or Limitations of the Principle. Trusteeship is highlighted in following important points:

- (1) This concept is not relevant in today's competitive business world because every businessmen tries to earn maximum profits and accumulate huge wealth.
- (2) It de-motivates the hardworking businessmen.
- (3) This concept is based on the concept of socialism.
- (4) Businessmen feel that the welfare of the society is not the responsibility.
- (5) This concept is not accepted by shareholders who invest their money to earn the highest dividend.
- (6) This concept is against capitalism.
- (7) It is Vague and unrealistic concept.
- (8) The 'Gandhian Trustee' is very different than that understood in ordinary sense.
- (9) The Gandhian principle of trusteeship goes also against market economy.
- (10) If everyone works in his own interest without breaking law and evading tax, he serves society.
- (11) The trusteeship principle presupposes that the capitalist retains some part of wealth as trustee for others.
- (12) The doctrine of trusteeship, if taken seriously, will guide the rich to live simple and hold the extra cash 'in trust'.





# Importance of Trusteeship Principle in Modern Business:



According to the UNO Global Compact CEO study, 93% of the CEO's believe that sustainability will be key issue in defining the future of their business. Many of them are rightfully concerned because a shortage of key natural resources is looming on the horizon.

The world of big business and finance after the economic crisis and scandals has come to understand that we need to redesign the systems of corporate governance and finance in order to create more sustainable and responsible economic.

Gandhi says 'true economics stands for social justice, it promotes the good of all equally including the weakest and is indispensable for a decent life'.



# Conclusion:

In Gandhi's concept of trusteeship there are not supposed to be any possible abuses of private and public property, capitalism or socialism. But it is an idea, and an ideal, that is still evolving and is not sufficiently crystallized for implementation in letter and spirit.



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