

IMPACT OF MAHATMA'S PATH OF TRUSTEESHIP IN THE DEVELOPMENT OF CSR PRACTICES IN INDIA – A CASE STUDY

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Abstract

Mahatma Gandhi, the father of nation has not only contributed his life for the independence, but also shown his significance for the development of emerging business and management practices which have shown remarkable achievements in the modern India. The notion of 'trusteeship' as specified by Mahatma Gandhi during the movement for independence has resulted in remarkable excellence in the development of management principles such as leadership, motivation, co-ordination, communication, principles of management etc.,. The desire of Gandhi for the concern on common man and the concern for the society has given the life for the evolution of the Corporate Social Responsibility in India. 'The temples of modern India' as specified by Gandhi and the areas which Gandhi has stressed for the need for empowerment have been formulated as the core areas in the implementation of CSR practices by the companies in India. In view of the vision of Gandhi' for the true implementation of trusteeship of the companies, the present paper makes a thorough attempt on studying the influencing of Gandhi's principles in the evolution of the CSR and further, the comparative study will also examine the core areas prescribed in the mandate CSR provisions enacted in Companies Act, 2013 with the philosophies and vision of Gandhi's principles and philosophies of development. The study will also provide the development of CSR initiatives and its progress in the achievement of Gandhi's vision on modern India. The study is based on the secondary data sources. The study is descriptive in nature which provides the valuable sources for understanding the impact of Gandhi's vision in the success of CSR mandate and its implementation in India.

Key words: Companies Act, CSR, empowerment, environment, trusteeship,

1) OVERVIEW OF MAHATMA'S TRUSTEESHIP

From the theoretical observations on 'Gandhian theory of Trusteeship', comparative observations are made for Gandhi's trusteeship over Marxist method of socialization. The theory of trusteeship as proposed by Gandhi is non violent in character while retaining the freedom of occupation, consumption and production and thus ensures the right of development of individual personality, which is completely lacking in a communist state. Gandhian Concept of Trusteeship does not permit an owner to misuse his wealth and exploitation. And this has been one of the foundations for the present theme of the paper called 'Corporate social responsibility'. The study of Chakrabarty B.,(2012) shown that 'trusteeship' was rooted in the strong religio-social tradition of India'. Author has opined that Gandhi drew on indigenous source while formulating his notion of Trusteeship. Author viewed that 'trusteeship' emphasizes on rule of equity by contributing to 'corporate property' which primarily drew on 'voluntary' surrender of a significant portion of private wealth to meaningfully establish trust between the rich and the poor. The guidelines provided under Trusteeship concentrate on providing the sources for transforming the present capitalist order of society into an egalitarian one and recognizing the right of property for the society' welfare. Gandhian trusteeship that translated concern of business houses for society into reality was a context-driven response. For Trusteeship to succeed, Gandhi insisted on 'a moral revolution' which meant 'a change of heart'. The evidences has proven hat 'trusteeship' has set a powerful trend in India' development trajectory that was articulated differently in different phases of her history thought, in conceptual terms, it has elements of CSR because the principle that he wealthy have a social responsibility remains as pivotal in CSR as it was true of Trusteeship.

2) EVOLUTION OF CSR IN INDIA THROUGH GANDHI'S PRINCIPLES

In this section, the evolution of Corporate social responsibility(CSR) is presented with equal comparison with the Gandhi's principles, a comparison is presented below.

Phase:1: First Phase of CSR (1850 to 1914): CHARITY AND PHILANTHROPIC NATURE

CSR was influenced by family values, traditions, culture and religion, as also industrialisation. The wealth of businessmen was spent on the welfare of society, by setting up temples and religious institutions. In times of drought and famine these businessmen opened up their granaries for the poor and hungry. With the start of the colonial era, this approach to CSR underwent a significant change. In pre-Independence times, the pioneers of industrialisation, names like Tata, Birla, Godrej, Bajaj, promoted the concept of CSR by setting up charitable foundations, educational and healthcare institutions, and trusts for community development. During this period social benefits were driven by political motives.

This stage is compared with the Gandhi's principles on charity which is presented below.

'There are people in the world so hungry, that God cannot appear to them except in the form of bread' – Mahatma Gandhi

'The best way to find yourself is to lose yourself in the service of others'
– Mahatma Gandhi

Here, Gandhi's view of charity was entirely characteristic of his realist stand on social issues, and shows his consequentiality view of ethics at work. The concern on society and contribution towards society's needs were being emphasized by Mahatma in his panicles on charity.

Phase 2: Second Phase of CSR (1910 TO 1960): TRUSTEESHIP

The second phase was during the Independence movement. Mahatma Gandhi urged rich industrialists to share their wealth and benefit the poor and marginalised in society. His concept of trusteeship helped socio-economic growth. According to Gandhi, companies and industries were the 'temples of modern India'. He influenced industrialists to set up trusts for colleges, and research and training institutions. These trusts were also involved in social reform, like rural development, education and empowerment of women.

Phase 3: Third Phase (1950 To 1990) : Transparency And Social Accountability

This phase was characterized by the emergence of PSUs (Public Sector Undertakings) to ensure better distribution of wealth in society. The policy on industrial licensing and taxes, and restrictions on the private sector resulted in corporate malpractices which finally triggered suitable legislation on corporate governance, labour and environmental issues. Since the success rate of PSUs was not significant there was a natural shift in expectations from public to private sector, with the latter getting actively involved in socio-economic development. In 1965, academicians, politicians and businessmen conducted a nationwide workshop on CSR where major emphasis was given to social accountability and transparency. Mahatma Gandhi's model of trusteeship motivated strengthening the belief that essentially society was providing capitalists with an opportunity to manage resources that should really be seen as a form of trusteeship on behalf of society in general. Mahatma's pre independence days supported his call for the development of the nation by funding and providing education, health and other social services. And these are actually framed as the CSR activities under Schedule VII of Companies Act, 2013.

Phase 4 (1980 Onwards): Modern CSR

In this last phase, CSR became characterized as a sustainable business strategy. The wave of liberalization, privatization and globalization (LPG), together with a comparatively relaxed licensing system, led to a boom in the country's economic growth. This further led to an increased momentum in industrial growth, making it possible for companies to contribute more towards social responsibility. What started as charity is now understood and accepted as responsibility.

3) BRIEF OVERVIEW OF CORPORATE SOCIAL RESPONSIBILITY MECHANISM IN INDIA

CSR in India has traditionally been seen as a philanthropic activity. But, CSR activities by the companies have been made mandatory through the introduction of amendments in Companies Act, 2013. As per the Gazette notification of Ministry of Corporate Affairs published on 27th February, 2014, every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee consisting of three or more directors, out of which at least one director shall be an independent director. Under sub-section (3) of section 134, the company shall disclose the composition of the Corporate Social Responsibility Committee and the committee shall formulate and recommend Corporate Social Responsibility Policy to the board which shall indicate the activities to be undertaken by the Company as specified in Schedule VII and recommend the amount of expenditure to be incurred on the activities and monitor the CSR policy of the company from time to time. As per the clause 135 of Companies Act, provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities. Further, if the company fails to spend much amount, the Board shall, in its report made under clause(o) of sub-section (3) of section 134, need to specify the reasons for not spending the amount. Every company including its holding or subsidiary, and a foreign company defined under clause (42) of section 2, having its branch office or project office in India which fulfills the criteria specified in sub-section (1) of section 135 of Companies Act, 2013 shall come under the purview of CSR initiatives and need to specify disclosure of CSR activities in its official website. The Act encourages companies to spend at least 2% of their average net profit in the previous three years on CSR activities. The ministry's draft rules, that have been put up for public comment, define net profit as the profit before tax as per the books of accounts, excluding profits arising from branches outside India. The act lists out a set of activities eligible under CSR. Companies may implement these activities taking into account the local conditions after seeking board approval. The indicative activities which can be undertaken by a company under CSR have been specified under Schedule VII of the Act.

4) MAHATMA'S PATH OF TRUSTEESHIP ON CSR PRACTICES IN INDIA - A COMPARATIVE STUDY

In exercise of the powers conferred by sub-section (1) of section 467 of the Companies Act, 2013 (18 of 2013), the Central Government framed the following amendments to Schedule VII of the Companies Act, namely :- (1) In Schedule VII, for items (i) to (x) and the entries relating thereto, the following items and entries shall be substituted, namely :-

- i) Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water.

Mahatma in his inspirational views on poverty has made the following quotations:

'Poverty is the worst form of violence'

In his quotation, Gandhi has compared the poverty with the violence, poverty leads to man's thinking ability and the sense to deprive and it also leads in the form of violence'.

The views of Gandhi on poverty and hunger have inspired the government to highlight the activities to be incorporated by the companies under CSR directed towards the eradication of hunger and poverty.

ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;

Mahatma has great vision on education. Many a times, Gandhi in his speeches has inspired the nation about the need for education. The following quotations reflect his vision on the value of education.

“Literacy in itself is no education. Literacy is not the end of education or even the beginning. By education I mean an all-round drawing out of the best in the child and man-body, mind and spirit.” – Mahatma Gandhi

iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

Gandhi believed that lack of education and information was the roots cause of all the evils against women. He believed that education is therefore necessary for women as it is for men. He believed that education is essential for enabling women to assert their natural right, to exercise them wisely and to work for their expansion. He thought that low level of literacy among women had deprived them of socio- politico power and also the power of knowledge. He stood for proper education for women as he believed that after receiving education they become sensitive to the glaring inequalities to which they are subjected. Gandhi had tremendous faith in women's inherent capacity for non-violence. And his experience of participation by women in politics from his days in South Africa till the end of his life bears testimony to the fact that they never failed his expectations. With Gandhi's inspiration, they took the struggle right into their homes and raised it to a moral level. Women organized public meetings, sold Khadi and prescribed literature, started picketing shops of liquor and foreign goods, prepared contraband salt, and came forward to face all sorts of atrocities, including inhuman treatment by police officers and imprisonment. They came forward to give all that they had - their wealth and strength, their jewellery and belongings, their skills and labour-all with sacrifices for this unusual and unprecedented struggle.

iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;

“The earth, the air, the land and the water are not an inheritance from our fore fathers but on loan from our children. So we have to handover to them at least as it was handed over to us.” – Mahatma Gandhi Mahatma Gandhi never used the word environment protection however what he said and did makes him an environmentalist. Although during his time environmental problems were not recognized as such however with his amazing foresight and insight he predicted that things are moving in the wrong direction.

As early as in 1909 in his book ‘Hind Swaraj’ he cautioned mankind against unrestricted industrialism and materialism. He did not want India to follow the west in this regard and warned that if India, with its vast population, tried to imitate the west than the resources of the earth will not be enough. He argued even in 1909 that industrialization and machines have an adverse effect on the health of people. Although he was not opposed to machines as such; he definitely opposed the large scale use of machinery. He criticized people for polluting the rivers and other water bodies. He criticized mills and factories for polluting the air with smoke and noise.

v) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional and handicrafts.

Mahatma in his book on 'India of my dreams' has quoted the following:

"Nothing can be further from my thought than that we should become exclusive or erect barriers. But I do respectfully contend that an appreciation of other cultures can fitly follow, never precede, an appreciation and assimilation of our own. It is my firm opinion that no culture has treasures so rich as ours has. We have not known it, we have been made even to deprecate its study and depreciate its value. We have almost ceased to live it." – Young India, 17-11-'20 This shows the evidence that Mahatma's broad view on cultural heritage also provided a justification of including India's cultural heritage as one of the component activities as prescribed by Mahatma.

(vi) Measures for the benefit of armed forces veterans, war widows and their dependents; (vii) training to promote rural sports, nationally recognized sports, Paralympics sports and Olympic sports; Mahatma always viewed the contributions of the armed forces for the protection of the country. In his principles, he has assumed that participation in sports was viewed as the vital ingredient that youth should perform.

(vii) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women; This area has been well represented by Gandhi before independence by considering the Scheduled Castes and tribes, marginalized and other poor sections of the society as 'Harijans'.

Mahatma Gandhiji played a memorable role in uplifting the untouchables. Gandhiji popularised the word "Harijan" meaning "the people of God" — a word which was first coined and used by a Gujarati Brahmin saint by name Narasinha Mehta. According to Gandhiji, the practice of untouchability is "a leper wound in the whole-body of Hindu politic". He even regarded it as "the hate fullest expression of caste". He made it his life's mission to wipe out untouchability and to uplift the depressed and the downtrodden people. As a servant of mankind, he preached that all human beings are equal and hence the Harijans too have a right for social life along with other caste groups.

(viii) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government

(ix) rural development projects."

With reference to rural development especially where the rural people stays, the development of villages was viewed in his concept of nation building.

"I know that the work (of shaping the ideal village) is as difficult as to make of India an ideal country... But if one can produce one ideal village, he will have provided a pattern not only for the whole country but perhaps for the whole world. More than this a seeker may not aspire after."

x) Investment and development of projects under Swachha Bharat Abhiyan

Gandhi is the role model for the initiation of Swachha Bharat Abhiyan by the government. Government has extended the investments of CSR mandate amount on the schemes representing the Swachh Bharat Abhiyan from local to nation level. The origin of Swachha Bharat Abhiyan is traced from his famous quotation presented below.

"Everyone must be his own scavenger. "– M. K. Gandhi

"Cleanliness is Godliness" is the mantra of Mahatma Gandhiji, Father of Nation. He demonstrated, propagated and insisted for individual and community cleanliness throughout his life. Following his footprints, Government of Gujarat launched Nirmal Gujarat Abhiyan from

the year 2005. The campaign achieved encouraging results. In order to carry it forward and realize the dream of Mahatma Gandhi, the community with in fact sanitation and cleanliness of the State Government launched Mahatma Gandhi Swachhata Mission on 26/02/2014 with a vision to make Gujarat open defecation free, Zero waste, dust free and green.

The Government of India has launched Swachh Bharat Abhiyan on 2/10/2014 with a vision to dedicate Clean India on 150th birth anniversary of Mahatma Gandhi on 2/10/2019. Mahatma Gandhi Swachhata Mission is integrated with Swachh Bharat Abhiyan towards realizing this laudable vision.

5) CONCLUSIONS

Gandhi's view of trusteeship is perfectly shaped into a form of law enforced by constitution in the form of Corporate social responsibility made the foundation of corporate social responsibility took its origin from the principles of Mahatma Gandhi. The development of the nation with the assistance of mandate 2% of net profit in the areas as prescribed in the Schedule VII of Corporate Social Responsibility under Companies Act, 2013 were perfect representations of the Gandhi's vision on the nation building. All the prescribed areas under CSR have represented the Gandhi's vision on India. Finally, it is to conclude that the CSR is a true representation of Gandhi's vision and it is in the hands of corporate, government and people to visualize how far and how better the vision of Gandhi is reflected in the implementation of Corporate social responsibility initiatives for the development of society and for reducing the problems that the nation is facing in different areas.

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