Trusteeship is the model of responsibility that best describes JRD’s view of himself and his role in the world. It was a view that JRD derived from Gandhi. Gandhi’s relationship with the Tatas began with Ratan Tata’s monetary support to Gandhi’s Satyagraha struggle in South Africa. Gandhi also visited Jamshedpur and by all accounts was pleased with the relations between labour and management there. But what really brought JRD and Gandhi together in spirit was the idea of trusteeship. Both of them lived by it in their personal lives and both demanded it of others.

Trusteeship is the view that one owns one wealth only as a trustee on behalf of others. It is based on Gandhi’s belief that one should not have more wealth than is really necessary. There are many important consequences of holding a position of trusteeship. There are also many serious problems. JRD did not formulate any theoretical description of trusteeship but his actions were mediated by his view of himself as a trustee of his and his company’s wealth and resources. In the second section I discuss many of these issues associated with trusteeship as described by Gandhi. Following this, I look at JRD’s attempts to create a mechanism of trusteeship. Here I think JRD’s contribution to this subject is indeed very important. JRD chose voluntarily the path of trusteeship as far as his wealth was concerned. All his wealth was literally placed in a Trust, which is administered to support various activities. However, he also went one step further by demanding that his companies also act as trustees of the wealth they create. In doing so, he did not depend on the voluntary spirit of his employees to establish the spirit of trusteeship. Instead, what he did was to institutionalize social welfare programmes, thereby introducing some institutional mechanisms which would sustain the idea of trusteeship in his companies. Institutional mechanisms are extremely important because in the absence of the individual with the original vision the vision nevertheless gets supported, sustained and developed. JRD’s emphasis on institutionalization and thus professionalization was an important departure from Gandhi’s and I think also more successful. This chapter concludes with a discussion of various programmes that illustrate the successful institutionalization of the idea of trusteeship.
JRD AND GANDHI

Gandhiji, by far the greatest personality and, to this day, the most extraordinary human being I have ever met, inspired in me, as in most people, a mixture of awe, admiration and affection combined with some scepticism about his economic philosophy despite which one would follow or support him to the end, come what may. Perhaps the most endearing trait I found in him was his almost childlike sense of fun to which he gave vent in a chuckle which he sometimes used deliberately to put one at ease in his presence. He was also, like Jawaharlal Nehru, the most considerate and courteous of men who would never leave a question or a letter, however unimportant, unanswered.¹

Gandhi’s relation with the Tatas goes back to his days in South Africa. Sir Ratan Tata sent a letter along with a cheque of ₹ 25,000 in 1909 in order to help Gandhi in his struggle against the apartheid Government in South Africa. Over that year and the next, Gandhi received more such contributions from Ratan Tata to support Gandhi’s satyagraha movement in South Africa.

Gandhi also visited Jamshedpur more than once. In 1925, when he first visited that place, there was a huge meeting with the workers. In that meeting, Gandhi talked about identifying himself foremost as a labourer. He went to Jamshedpur mainly for the sake of the labourers. In the speech which he delivered during this trip he made explicit his view of capitalists in relation to labour. “I have always said that my ideal is that capital and labour should supplement and help each other. They should be a great family living in unity and harmony, capital not only looking to the material welfare also,—capitalists being trustees for the welfare of the labouring classes under them.”

In the same speech, he also reiterated that his “identification with labour does not conflict with my friendship with capital.” He went on to add, “And believe me, throughout my public service of 35 years, though I have been obliged to range myself seemingly against capital, capitalists have in the end regarded me as their true friend.” He said that he came as a friend of the Tatas and remembered with gratitude the support of Sir Ratan Tata in their struggle in South Africa.

What brought JRD and Gandhi together were two important facets of their worldview: that of trusteeship and their consistent concern for people less privileged than themselves, which included the labour class. The idea of trusteeship was very influential for JRD and he lived by his belief in this idea. We can see Gandhi’s influence in this matter, an influence which JRD acknowledged in various places over the years. In a letter written in 1979, he wrote, “I naturally agree with the sentiments you have expressed in your letters and your references to Bapuji’s teachings and ideals, now so neglected. I do my best to live up to them in a true spirit of trusteeship in the conduct of such business as is within my responsibility.”² In the case of labour, both JRD and Gandhi were concerned with fundamental issues related to the welfare of labour. It is fair to say that JRD was a leader in labour welfare in the country, especially in the private sector. Many of the labour welfare schemes which he introduced in his companies were later incorporated by the government as labour laws.
However, JRD and Gandhi also differed sharply. JRD was particularly unhappy with Gandhi’s economic ideas whereas Gandhi sharply reacted to a plan of some industrialists, including JRD, to tour England and the US, before independence, for better business prospects, a trip supported by the British rulers. Gandhi, for all his “sympathy” with the business leaders also expected a high ethical standard in business, a standard which most people did not measure up to. As was clear, it was not only people in business who could not measure up to the high personal ethical standards expected by Gandhi. However, there is a paradoxical tension between capitalism and Gandhi’s worldview, one which placed him in potential conflict with an industrialist like JRD.

But what was important was that JRD, in spite of his misgivings about Gandhi’s economic outlook, had the greatest respect for him and moreover was profoundly influenced by Gandhi’s idea of trusteeship, which he followed in his own way. On many occasions, he explicitly noted that he functioned as a trustee and not as an owner in a pejorative sense of that word. Over the years, JRD projected the idea of trusteeship into the public domain, perhaps in the hope that it would be accepted, analyzed and developed by other people, including rich business enterprises.

Gandhi influenced many different kinds of people over the world to follow or formulate some principles of trusteeship specific to their particular contexts. However, Gandhi’s view of trusteeship was not accepted by those who should have and even today it is found only in some isolated experiments. JRD’s insistence on trusteeship may not have fared much better, especially his demand that private entrepreneurs and public servants such as bureaucrats understand their role as trustees. Although today in the name of Corporate Social Responsibility, which includes various social responsibilities and social audit of companies, some notion of trusteeship has come into vogue. I believe that JRD’s idea of trusteeship was characterised not by any deep theoretical insight but more by its practice and implementation in a domain which had for long resisted any such move. To understand JRD’s approach to trusteeship, it will be useful to analyse Gandhi’s original idea of it.

GANDHI ON TRUSTEESHIP

"Supposing I have come by a fair amount of wealth—either by way of legacy, or by means of trade and industry—I must know that all that 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."

One of the most important principles that Gandhi enunciated and lived by is the above expression of the idea of trusteeship. This principle has a great potential for transforming the nature of society and of ethical individual behaviour. It is based on the idea of autonomous choice as a vehicle for justice. In this sense, its strength is the non-violence intrinsically associated with voluntary action involved in trusteeship. In fact, Gandhi believed that his view on trusteeship would survive and had legitimacy because “no other theory is compatible with non-violence.” Moreover, this principle was based on an intrinsic notion of responsibility and duty going beyond personal gain.
It is also a moderating principle in that it demanded a conscious decision to be made by individuals as to what (and how much) they really need to live a satisfied life. It is also important in the sense that it does not advocate sacrificing all the wealth but only to view one’s wealth along the lines of trusteeship.

What was the basis for Gandhi to propose this form of “economic governance” of one’s wealth? We can discern one particular influence in his view that everything came from God. This, therefore, meant that what was given by God was meant for all and not for particular individuals. So, when an individual finds that she has more than her “share” she should then see the surplus as strictly not belonging to her. JRD did not explicitly subscribe to this particular theological view. To him the nation or the larger society one belonged to would have been a substitute for God. JRD also laid strong emphasis on the individual’s duty and responsibility towards trusteeship not because one’s wealth was given by God but because that was the humane and ethical way of living, a view which is also in strong resonance with the larger Gandhian project of an ethical approach to living.

As we can see there is a profound difference in the way one understands one’s wealth in the context of trusteeship as against the standard view of ownership. Much hinges on how we understand ownership. Do we own our wealth? To answer this question, we need to understand the implication of ownership. For Gandhi and JRD, to own is to be a trustee, whereas in the normal connotation of the word, to own is to have freedom to do what one wants with it. To own as a trustee is to have responsibility over that wealth in that we are answerable as to how we spend it. It is this notion of answerability that distinguishes trusteeship over ownership. It is often, somewhat misguidedly, believed that to own is to be responsible only to oneself. This is part of a larger ethos where we understand the individual as being responsible for his or her deeds, good or bad. However, the sense of ownership as embodied as a trustee is the claim that we are accountable to something outside us even when we spend our “own” money.

This view of trusteeship leads to some serious problems, primarily about the role of those who are the owners of wealth and also about their incentive to continue to actively increase their wealth since they are accountable to various others. Regarding the owners of wealth, Gandhi said that they “would be allowed to retain the stewardship of their possessions and to use their talent to increase the wealth, not for their own sakes, but for the sake of the nation and, therefore, without exploitation.” There is already a problem in the claim that one is a trustee for the nation. What Gandhi meant by nation here was not the political rulers of the nation but its vast underbelly of underprivileged citizens. However, the State plays a very important role. According to Gandhi, the State would decide on what commission the trustees get based on their service! We can immediately see how this view would cause a potential conflict for JRD. Given the vagaries of the varying ideological position of the State, to let the State intervene in individual trusteeship would be potentially troublesome. However, Gandhi also noted that trusteeship should not be imposed from above, including the State, but must arise from below, from the people themselves, right from gram panchayats. There is also another indication of the suspicion that Gandhi had of the State’s capacity to take over the stewardship of trustees. Gandhi believed that the State is “a soulless
machine” and had greater proclivity to violence. Hence he preferred trusteeship based on an individual’s own choice to administer his or her wealth for the poor rather than let the State take over this role.

It is clear that the owners of wealth must have a responsibility towards their wealth. There are two different kinds of responsibility which they should have. One is the responsibility of trusteeship, which is that they administer their wealth on behalf of others in the community and nation. The other responsibility is to increase their wealth, just as they would as if the wealth belonged exclusively for their personal use. In expecting this responsibility, Gandhi was expanding the meaning of profit to go beyond personal profit or personal material profit.

The latter responsibility that trustees should increase their wealth leads to a problem. Since trusteeship is based on a moral foundation, there is a logical necessity that the means of attaining wealth as a trustee must also follow some ethical principles. Thus, this leads to the question about the means of earning this wealth. Gandhi repeatedly emphasised that we enjoy our wealth by renouncing it. If this were so, then why would an individual create wealth if she were expected to renounce it? Furthermore, there is an added problem, one with its origin in almost all the ancient religions, which is that accumulation of wealth is often associated with “impurity”. There is an added assumption, almost by default, that if one earns enormous amounts of money then this earning is definitely based on unfair means. In today’s society, such a view is very much a part of the public imagination.

If this suspicion is present, then the issue that arises for trusteeship is about fair means of earning money and whether fair means, in principle, can generate appreciable increase in wealth. Reflecting this sentiment well, Shankar Rao Deo wrote to Gandhi asking him to emphasise the importance of pure ways of making money. He wrote, “If purity of means is strictly observed, then, according to me, crores could not be accumulated at all and the difficulty of spending for society will assume a very minor prospect.”

However, Gandhi had two interesting responses to this question. One is that he wanted to make no judgement on people since “who is to decide whether one is just or otherwise? And justice too is a relative term.” His own personal action of renouncing his wealth was an example but Gandhi also said that just because he had renounced his wealth he could not demand that others do the same. The second point he made was that it was always possible that somebody could discover (and thus “inherit”) wealth by finding gold or diamond on his or her land. More than this particular example, what is important to understand is the possibility of creating wealth without using unfair means. If there was anything that was central to JRD’s philosophy of action, it was this emphasis on creating wealth without using unfair means.

There is always a tension between the nature of profiting and a just, proper way of profiting. As discussed earlier, there is a lurking feeling that one cannot create a large amount of wealth without indulging in some dishonest practice. The apocryphal story of Gandhi about the profitability of the Khadi enterprise is well known. It is said that when one of the owners of a khadi enterprise claimed profit Gandhi was shaken because he believed that if that person had been honest he would not have been able to make a profit! The popular belief that profiting is based on some form of exploitation
manifests itself in ordinary discourse in various ways. But there is a way of understanding
the possibility of profiting without necessarily accepting that large profits must be based
on unfair practices. The term which can replace exploitation is co-operation. Gandhi
believed that the "rich cannot accumulate wealth without the co-operation of the poor
in society." If every business act is understood in the spirit of co-operation and not
of exploitation, then it is, in principle, possible to find ethical methods for increasing
wealth.

The problem in this view is partly due to the positivistic approach of modern
economic societies in which the individual becomes the ultimate unit. This then
implies that the ownership of work done by an individual is seen to "belong" to that
individual alone. This also implies that what we are capable of earning is actually due
to our own capacities and strengths. Once the individual (or equivalently, the group
comprising the private, those who are the owners) is the privileged centre then the
fruits of one's labours are seen to rightfully belong to that individual. However, this
view runs counter to the simple observation that an individual reaches a status in her
life due to a variety of factors. Thus, ownership and one's right to what they possess are
complex issues. There is an obligation present in the act of owning, since the capacity
to own something depends on various other factors, other than the individual. Even in
the cases of individual creativity, where presumably the creative artist is the "owner" of
her artistic expression, the artist depends on material "outside" her such as events in
nature or society or in other people. Similarly, journalists depend on "free" news but
when they make that news theirs by copyright they are essentially asserting their rights
on something which was not really theirs to begin with.

While such a view (that ownership is never something that can belong only to
one individual) may be somewhat true for the salaried and professional class, it is
often remarked that many entrepreneurs have made something of themselves against
all odds and with scarcely any support from any person or any institution. However,
this view is quite limited since there will always be factors outside the individual which
allows the individual to succeed in any endeavour. Nevertheless, this view has become
a part of our imagination. This is mainly because it reaches to the heart of the problem
which is when somebody, despite all odds and constraints posed by the community and
society, makes a success of a venture, what ethical duty does he or she have to pay back
something to the larger society?

There is another dimension to the issue of unfair means that is not directly related
to the generation of wealth but to those activities that are harmful in various ways. For
example, as a trustee of the larger society, should companies refuse to indulge in not
only unfair practices but in the creation of harmful products? Should they voluntarily
abide by environmental safeguards? Not deal with governments and parties which are
oppressive? Not work with technologies which may be unsafe and undesirable in various
ways, including their use to support violence both at the individual and State level? And
so on. Thus, the question of means which becomes paramount under the trusteeship
view, and which is not overridden by concerns of private profit, places a greater social
responsibility going beyond mere financial wealth.
So, for Gandhi, and to a great extent for JRD, the means to wealth is as important if not more than the creation of wealth. Especially in the context of trusteeship, which involves taking a principled stand towards one’s own wealth, there is a moral demand that the means by which that wealth is acquired should also be “clean”. It is important to note that trusteeship of wealth is not restricted to material wealth. And trusteeship is not only a duty for the rich to perform. Even a labourer is a trustee of his “wealth”. Gandhi mentioned that the “labourer has to realize that the wealthy man is less owner of his wealth than the labourer is owner of his own, viz., the power to work.” I believe that this is not only an important idea but one that has been lost in the excessive focus on material wealth. Firstly, what Gandhi was doing in claiming trusteeship for the labourer is to add value to the worth of the labourer. By so doing, he was negating the moral hierarchy that might mistakenly be attributed to trusteeship of material wealth over other forms of wealth. It is worthwhile noting that JRD’s response to the welfare of the workers and his belief in the essential importance of workers to his organization were also mediated by a belief and hope that the labourer would also be a trustee of that which is in his or her capacity.

There is another potential problem about trusteeship that is worth reflecting upon. It is often felt that when there is no incentive for material profit, an individual will lose the motivation to work harder and produce more profit. The idea of incentive has become the cornerstone of modern liberalization. Incentives are seen as a reward for either doing excellent work in the job that is given to an individual, exceeding the expected output and so on. An incentive does two things: one, it acknowledges that the individual has contributed to a greater share and two, it differentiates between people whose capabilities are different, including the capacity for hard work. It seems obvious, especially in a worldview where the autonomous individual is at the centre, that one who works more diligently and harder should be suitably rewarded. In fact, the very idea of leadership in business, for example, is based on the recognition of an individual’s special strengths. An incentive is essential for business. If we ask what is the essential quality for business, it has to be something associated with incentive, since even profit is an incentive. This leads us to consider a troubling question: does trusteeship negate any incentive for developing one’s wealth? Will the idea of trusteeship lead to a static worldview of business? One simple answer is that incentive should not be seen in terms of material difference alone. The essential point about incentive is the recognition of an individual’s extra efforts especially when others who could have done the same do not do so.

This should be a genuine worry for both Gandhi and JRD. In the case of JRD, it should be a greater source of worry since there is something similar in the idea of trusteeship and the communist ideal. If there was anything that could annoy JRD immensely, it was the communist system that supported what he called economic and political totalitarianism. It is commonly noted that the lack of incentive for individual growth in communist societies played a great part in the demoralization of the workforce. But, as is to be expected, both Gandhi and JRD do not expect a system based on trusteeship to also be one based on equality. Gandhi noted this explicitly when he wrote that we “do not want to produce a dead equality where every person becomes or is rendered incapable of using his ability to the utmost possible extent.
Such a society must ultimately perish.” In other words, it is important to recognize a difference in the quality of individuals, at least in the capacity of individuals to be better in some kinds of work. The important point therefore is not that we do not recognize individual merit rather it is how this difference is rewarded or manifested. The fundamental issue is that between worth and reward. Even when we accept that one individual has contributed more to a particular initiative it is still not clear what should be a just reward to acknowledge this effort. This is a problem that is not unique to business. Almost any organization embodies this problem, whether it is a business concern, an academic institute or even a school.

Today, our globalized societies function as if worth is best acknowledged and rewarded through material incentives. There are also attempts to reward through positions of leadership and even though they do not transform into material benefit they are sometimes seen to be more important primarily because of the position of power. However, the dominant paradigm in today’s world seems to be that of rewarding worth through material profit. Even the structure of salaries has been redesigned to exemplify this form of incentive to individuals. Thus; there is a genuine problem as to whether trusteeship implies a complete levelling of one’s capabilities. In today’s world where material wealth has become the standard for all comparisons, it seems obvious that a person with superior capability must be compensated only through material means. For Gandhi, the person with better ability in a particular work should be allowed to do his or her best but the conversion of this difference in ability should not necessarily be in monetary terms. For JRD, this is also an important problem but one which he deals with quite differently.

The final point which I want to consider in Gandhi’s notion of trusteeship is that of heirs. The question of heirs has been an age old problem for human societies, especially in the context of ownership of wealth. If a person has some wealth, then when he dies who has the right to inherit it? By and large, with minor differences, almost all societies accept that an individual’s wealth belongs to the family first and therefore, they have the first right to inherit it. The emphasis on the autonomy of the individual in developing societies meant that the individual had the right, through writing a will for example, to choose his or her inheritors but the default mode is always the family.

The idea of trusteeship challenges this fundamental social belief and practice. If we are trustees to the wealth we possess, then it is ethically not ours to gift it to our family or children. Since trusteeship involves only being a trustee of one’s wealth we cannot bequeath it to anybody but the public. Gandhi repeatedly said that a “trustee has no heir but the public.” This means that, if needed, the heir to a trustee should be one who in turn is best qualified as a trustee. Gandhi thought that the heir could be suggested by the trustee but had to be “finalized by the State.” The family has no stake in the wealth because once it is seen as being a trust held on behalf of others then the family has anyway no right over it. Thus, who becomes the heir should really depend on the choice made by the trustee. However, the invocation of the State to finalize the heir is a problematical suggestion.

In the case of JRD and the Tatas, what is remarkable is that they have institutionalized the idea of trusteeship without using the agency of the government. The creation of different trusts by the Tata leadership, including by Dorabji, Ratan Tata and JRD, is one
mechanism of leaving their wealth to the public. In doing this, they were exhibiting the best spirit of trusteeship in that they viewed themselves as managing their personal wealth which was ultimately for the benefit of the public. The responsibility and accountability towards their wealth are also exhibited by their not living to the limits of the wealth they possessed and seeing their duty essentially as one of responsibility to the workers, community and even the country. The model of continued trusteeship in the Tatas is a model that draws upon Gandhi’s vision but also goes beyond his emphasis on the role of the government. This model is also a useful one which shows how it is possible to act as trustees over generations through institutional mechanisms. In this respect, it is surprising that Gandhi felt that it was only Jamnalalji who came closest to his idea of a trustee.

For Gandhi, it was the State which had to step in to continue the role of trusteeship; for the Tatas it is their name, the weight of tradition and company policies that enable the continuity of their role as trustees. Those who are sympathetic to the idea of trusteeship and who are also suspicious of government intervention might do well to critically analyze this particular model of the Tatas. We should also remember that when Gandhi talked about the State he was quite concerned about the nature of the State since he believed that it was more aligned with violence than the individual. Further, in a clarification to the role of the State he explicitly said that he did not expect the State to confiscate private ownership in order to maintain trusteeship. In fact, he said that “it was to avoid confiscation that the doctrine of trusteeship came into play retaining for the society the ability of the original owner in his own right.”

Given Gandhi’s pragmatism, it is to be expected that trusteeship was not to be seen as a theoretical formulation but one that was practically implementable. In fact, Gandhi approved a practical formula for trusteeship in 1942, which is given below. As we can see, this plan is only an outline and there are many details which need to be properly described and analyzed.

1. 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 of reforming itself. It is based on the faith that human nature is never beyond redemption.

2. 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.

3. It does not exclude legislative regulation of the ownership and use of wealth.

4. Thus under State regulated trusteeship, an individual will not be free to hold or use his wealth for selfish satisfaction or in disregard of the interests of the society.

5. Just as it is proposed to fix a decent minimum living wage, even so 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 tendency would be towards obliteration of the difference.

6. Under the Gandhian economic order the character of production will be determined by social necessity and not by personal whim or greed.
It should be clear that there are points in this proposal that JRD would have disagreed with. However, the problem about establishing working models of trusteeship only illustrates the complexity of this demand. JRD’s approach is one particular model that tried to exhibit the possibility of living a life based on the idea of trusteeship, a model which, whether it follows all the Gandhian ideas or not, remains one of the most successful models to date.

OTHER APPROACHES TO TRUSTEESHIP

Gandhi’s idea of trusteeship is itself influenced by various religious traditions. The influence of *Gita* on Gandhi is well known and even in his utterances on trusteeship he draws upon the *Gita* and *Upanishads* among other religious texts. In fact, the belief that all our wealth actually belongs to God is common to various texts including the *Gita* and *Upanishad*. Among other religious traditions, Buddha too asked people to use their private property for the happiness of all and Jesus who asked a rich man to renounce his property and follow him. Thus, in these traditions, we can see two universal responses to private wealth and ownership of that wealth. One is to renounce it and give it away as charity and the other is to nurture it and build on it but always with the responsibility as a trustee of that wealth.

Not only was Gandhi influenced by various doctrines that reflect some ideas of trusteeship but his emphasis on trusteeship has also spawned other organizations around the world to inculcate this ideal. Co-operatives, community ownership including that of water, newer management policies where the workers share a stake in the company, the recent institutionalization of social audit and various indices related to non-profit issues are all instances which can be seen as experiments that share a common space with the idea of trusteeship. Not all or even some of them are inspired by Gandhi’s writings but they are attempts to practically translate the ideal of trusteeship. In the Indian context, Vinobha Bhave was one who was not only drawn to this idea but also gave life to it through his own interpretations.\(^\text{18}\) The Bhoomi and Gramadan movement of Vinobha were striking attempts to rethink the notion of private ownership.\(^\text{19}\) And although in literature on trusteeship the name of JRD does not figure as it should, it is clear that his was one of the more successful attempts at trusteeship.

JRD AND TRUSTEESHIP

JRD was following a grand tradition of trusteeship, one that was already initiated by Jamsetji Tata. Jamsetji was a pioneer not just in establishing new industries but also in his philanthropy. He had envisioned three great projects, which he believed would be of great help to the nation. One was the production of steel, another was of power and the third was an academic institute. He partitioned his wealth into three parts, one of which was used to establish the Indian Institute of Science in Bangalore.

JRD acknowledged that the concept of trusteeship was conceived by Jamsetji Tata and that “somehow the whole concept seemed to flow naturally from him.”\(^\text{20}\) JRD in an interview in 1978 explained how the concept of trusteeship was so integral to their vision.
If there is one company that has most publicly represented Tatas over the decades it is their steel enterprise, TISCO (now called Tata Steel), based in Jamshedpur. Not only is the company synonymous with the Tatas but so also is the town. Although the total share of the Tatas in TISCO was only about 4% (as recorded in this interview in 1978) the dedication to the company by the Tatas is a reflection of the idea of trusteeship. In this context JRD said in the interview, “We were merely leading and managing and sponsoring what we felt, in the totality of the various companies, was a large national enterprise.” Thus, going back to Jamsetji’s vision of industrializing India, based on his belief that independence could be got and sustained only by being economically strong. Hence, their commitment to basic industries, those that will help build the nation, was “almost treated as a national duty.”

JRD pointed out that even the managing agency system was owned 80 to 85% by public charity trusts:

Therefore, the Tatas are in fact a trust and an institution more than just a business house right from the early days I knew Mahatma Gandhi and I was quite impressed and believed in the spirit of trusteeship. Not the spirit which has been sought to be formalized with no success up to now but one which, I think, has no need to be formalized. This, I think, is being done in our own House, naturally, because of our inheritance and the fact that we are owned by the trust. I think that is the best way to apply the spirit of trusteeship—to act as trustees and to consider the major problems of the country in connection with the operations of the firm as trustees and not as businessmen merely trying to make money for the firm. Incidentally, we want to make money, because that is the only way to make funds available for charitable trusts.21

It is clear that JRD’s view of business can be far better understood when he is understood not just as a businessman with a conscience but more as a human finding ways to function as a trustee of his capital. In a letter written in 1973 he explained in some detail his attempt to live up to the ideals of trusteeship. He wrote:

I may say that I have always been basically in agreement with Gandhi’s concept of trusteeship and have throughout my career tried to live up to it. In fact, our group of companies have, to the extent possible, officially adopted it as part of their credo. As I told you when we met, my only doubts have been in regard to the practical effect that can be given to such a concept, particularly considering, on the one hand, the ethical standards, or lack of them, that seem to prevail today amongst large sections of the business community of our country, and on the other, the dogmatic view of socialism and the resultant hostility towards private enterprise adopted by our government.

I have again and again over the last few years publicly urged leaders of the business community to recognize its social responsibilities and to use such authority or economic power as they may have as Trustees. I would, therefore, be only too happy if some practical way were found of bringing
the somewhat metaphysical concept of trusteeship in business closer to
down to earth realities and needs of business and industrial organization.\textsuperscript{22}

It is indeed difficult to convert an idea into action. As JRD rightly notes, the
"metaphysical" concept of trusteeship is particularly difficult since it is associated with
a host of problems in practice. Furthermore, Gandhi's ideas about trusteeship were
actually not fully fleshed out. In fact, the draft proposal of the trusteeship formula,
mentioned a few pages earlier, was published only in 1952, although Gandhi saw the
draft and made some changes to it. From what JRD himself says in his speeches and
writings, it is clear that he was very much influenced by this idea although he may have
attempted to find his own ways of making it practicable. It would be useful to understand
the pioneering innovations regarding labour and in general corporate responsibility
not just to the company and its employees but also to the township and its surrounding
communities as the influence of the idea of trusteeship.

In what follows, I will analyze various elements that are necessary to have a
workable concept of trusteeship, especially as put into practice by JRD and his team.
But most importantly, it is worthwhile noting that JRD tried to live by what he preached,
in a sense similar to what Gandhi did. This is best exemplified by the trusts into which
all his personal wealth was gifted to, following the grand tradition of the various Tata
members establishing their trusts such as the Dorabji Trust, Sir Ratan Tata Trust and so
on. And as an example of living a spartan life, spartan as compared to the total wealth
he had at his command, we only need to look at his personal worth. Even as late as 1985,
in response to an article which misquoted his wealth, JRD wrote a letter to the Editor of
Bombay in which he added that the "fact is that my wife’s and my personal investments
(including an apartment), were valued as on 31st March 1985 at less than Rs. 60 lakhs.
All other shares stand in my name, amongst others, only as a trustee of public charitable
trusts in which I obviously have no personal interest."\textsuperscript{23}

Not only did JRD leave his personal wealth for the public but he also tried to live
by the spirit of trusteeship. There is yet another facet of his life that also reflects this
spirit. This was not about wealth but about duty to the nation. When Tata Airlines was
nationalized, JRD lost something which was very dear to him. But when he accepted to
become the Chairman of Air-India he worked tirelessly to build its reputation as one
of the finest airlines in the world. With his trademark meticulous attention to detail
and efficiency, Air-India did indeed represent a new face of growing India. However,
his involvement in this Government organization was so much that he was sometimes
accused of neglecting his own business! Among the many achievements in his life,
including expanding the Tata group during his tenure as Chairman of the group, he
was most proud of his stint at Air-India. He has gone on record saying that his "proudest
achievement" was Air-India. He was proud of it being a national asset—at least in his
times! His experience with Air-India is another illustration of trusteeship in action. JRD
was not just placing his wealth for the public but he was also placing himself and his
personal capabilities at the service of the nation, perhaps even at the expense of his own
"private" companies.

In a letter to a Professor at the Indian Institute of Management, Bangalore, he
succinctly summarized the effect of trusteeship on his action. He wrote:
If I were to attribute any single reason to such success as I have achieved, I would say that success would not have been possible without a sustained belief that what I did or attempted to do would serve the needs and interests of our country and our people and that I was a trustee of such interests.\textsuperscript{24}

INSTITUTIONALIZING TRUSTEESHIP

However, the most important contribution of JRD to the idea of trusteeship was not merely in his personal action. Like Gandhi, who believed that his personal behaviour would inspire others to follow, JRD too lived the spirit of trusteeship. But however much his personal practice is important, what is probably more significant is his attempt to institutionalize mechanisms that are related to trusteeship. As we saw earlier, even in the draft plan accepted by Gandhi, the six points were basically guidelines. The exact mechanism for implementation of these points was not explained. What JRD did was to establish ways of implementing some fundamental concepts related to trusteeship for private companies.

The Tatas have had a great impact on the people associated with them. A good relation with their employees can be explained by the fact that they are good employers and so there is no need to invoke the notion of trusteeship. However, their impact goes much beyond their immediate employees and this has happened primarily through the many Trusts established by them. These Trusts have benefited people across the country, in the urban and rural sectors and independent of considerations such as religion, caste and so on. The establishment of these Trusts where the personal wealth of these people are meant for utilization for public service is one of the strongest signs of a dynamic concept of trusteeship. And what is important to note is that these Trusts are not seen as being merely charitable trusts. In the foreword to Lala’s book \textit{The Heartbeat of a Trust}, JRD wrote that the “tradition of Tata philanthropy was set by Jamsetji, the Founder of the House. The grand vision was his. To his sons, Dorabji and Ratan, and his cousin, R. D. Tata, goes the credit of continuing the tradition.”\textsuperscript{25} What he didn’t say here was that JRD placed all his wealth in a trust which carries his name and is called the JRD Trust, which he set up in 1944.

JRD made a distinction between charity and philanthropy. Charity he saw as being static whereas trusteeship was more dynamic. Philanthropy, he wrote in the same foreword, “has a more profound meaning than that of mere charity” since it means “love of mankind”. He continued that “when that love prevails, wealth assumes a nobler purpose.” He realized that in our nation there are a large number of people living in dire poverty and the Trustees are therefore torn between responding to immediate problems or enabling programmes with long-term benefits. Although the Trusts do support solutions of short-term needs, their main concern has been to establish mechanisms that will enable a greater good for a greater number of people for a greater time. In this context, grants towards education have been identified as one of the thrust areas.

These Trusts have also been involved in the creation of many pioneering institutions. The remarkable aspect of this is that after these institutions are set up
and running, they are dedicated to the nation and become national properties. These institutions when given as a gift to the country had already established themselves as world class ones. The expenditure and care taken to establish and nurture these institutions bears the special stamp of the Tatas. The roll call of these institutions is itself impressive: Tata Memorial Hospital for Cancer Research and Treatment, Tata Institute of Fundamental Research, Tata Institute of Social Sciences, National Centre for Performing Arts and National Institute of Advanced Studies. Earlier, Jamsetji was instrumental in establishing the Indian Institute of Science. The final line by JRD in the Foreword summarizes well his view of practical trusteeship. JRD noted that their contribution may have been quantitatively small, especially in comparison to what needs to be done in the country, but hoped that it was “qualitatively significant” and “that in handling the wealth placed in our hands we fulfilled the vision and aims of Jamsetji Tata and his sons that this wealth which came from the people should go back to the people many times over.” These words were written in 1984 and over the last two decades many more new programmes are being supported by these Trusts and also by the companies belonging to the Tata group. The essence of a dynamic notion of trusteeship is captured in the belief that the wealth of these companies “came from the people” and that it “should go back to the people many times over”.

One of the greatest challenges facing the concept of trusteeship is posed by the private business enterprises. The historical view of private ownership has always been strongly correlated with profiting for oneself or for the immediate owners. Even Gandhi’s description of trusteeship is unclear as far as the mechanisms of trusteeship of private industrialists is concerned. An idealized view of trusteeship may be impractical. A mature practical approach towards trusteeship can only come from smaller experiments, whose lessons can help point to the potential problems and solutions in implementing this idea.

JRD’s attempts to introduce various measures that immensely benefited the labour sector should also be seen as one manifestation of the view of trusteeship. Right from the beginning, labour welfare was given prime importance in the steel factory. In 1912, eight-hour working day was introduced in the factory before such a measure was introduced anywhere else in the world. JRD saw the importance of labour welfare and introduced a series of measures for their benefit and as early as 1947 started the Personnel Department. It is important to realise that this was not done under pressure of strike or conflict; after all, TISCO is remembered for the harmony between management and workers. JRD believed that the welfare of the workers was the welfare of the company and went beyond the call of duty, as understood in the capitalist enterprise, to establish a human relation based on empathy with the workers. This attitude reflects trusteeship in action. It is worth noting that many of these measures were made into laws by the Indian government much after their implementation by the Tatas. So also, some of these measures such as the eight-hour working day, leave with pay and so on became statutory in many Western countries much after their introduction by the Tatas. A summary of these measures with a comparison of implementation dates in TISCO and by the government is given below:

1. Eight-hour working day, introduced in TISCO in 1912 and enforced by law in 1948.
3. Establishment of Welfare Department, TISCO 1917, law 1948.
4. Schooling facilities for children, TISCO 1917, still not a law.
5. Formation of Works Committee for handling complaints concerning service conditions and grievances, TISCO 1919, law 1947.
7. Workers’ Provident Fund Scheme, TISCO 1920, law 1952.
8. Workmen’s Accident Compensation Scheme, TISCO 1920, law 1924.
13. Ex-gratia payment—road accident while coming to or returning from duty, TISCO 1979, not yet law.

For JRD’s notion of trusteeship, this concern for their employees must be extended to the larger society. JRD emphasized the importance of involving the company and its employees in various development projects for communities around Jamshedpur. This involved education as well as health programmes. Given that Jamshedpur falls in a tribal area, with a significant amount of tribal population, JRD initiated a series of programmes designed for the tribal community. The institutionalization of trusteeship was thus manifested in the creation of three departments under Tata Steel whose sole responsibility is social welfare in the urban, periurban and rural areas around Jamshedpur.

It is worth exploring the contours of these programmes because I believe that they exhibit one useful model to explain how trusteeship can be institutionalized in private concerns. Tata Steel has three separate departments dealing with social service. The Community Development and Social Welfare (CD&SW), and Rural & Tribal Services Division and Centre for Family Initiatives (CFi). These divisions also have associated societies that are autonomous and these are the Tata Steel Rural Development Society (TSRDS) and Tribal Cultural Society (TCS) promoted by Tata Steel. TSRDS was started in 1979 at the initiative of JRD. A special group to deal with tribals was formed as the Tribal Cultural Society and was registered as a society in 1993. TSRDS, for example, has a programme of mobile clinics which travel hundreds of kilometres every day to dispense medical help to various rural communities. These clinics dispense basic medicines as well as cater to prevention and cure of diseases such as tuberculosis and leprosy. Mention must be made of the unique hospital on rails called the Lifeline Express. With the help of other organizations, TSRDS has sponsored this mobile hospital many times over the last decade. This train has all the facilities of a well-endowed major hospital and at a pre-announced time it visits a particular station. People all around that area access medical help with professional doctors in the train. An elaborate structure dependent on grass roots network identifies patients and matches them with the ailments that can
be treated in the train. The treatment is given in principle at no cost but if there are people who can donate something they are encouraged to do so.

Similarly, education is a sector where these groups do pioneering work at the ground level. Many schools and one college are supported by the Education Department as well as Tribal Services group. TSRDS and TCS have supported infrastructural improvement in over 300 schools in the rural and bustee areas. The company also awards educational scholarships amounting to over 60 lakhs with special focus on SC and ST students. This includes special training where needed. Training schemes for employment are an integral part of these rural development programmes. The focus here is on enabling income generation from activities such as poultry farming, Durrie weaving, embroidery and so on. Another important activity is the creation and support of pani panchayats where water management at the panchayat level has led to great benefits. Other than special fellowships for education and sports, special programmes for supporting tribal welfare include the establishment of a Tribal Culture Centre. This Centre has a heritage hall which is a museum detailing various aspects of tribal life and culture. The Centre offers a place to support tribal activities including art and education.

The support to sports by the Tatas is well known. Dorabji was not only the first President of the Indian Olympic Association in 1919 but he also sponsored four athletes and two wrestlers to the 1920 Olympics. Thus, it should not be a surprise that many international athletes and sportspersons in the country owe their growth to the Tatas. In recent times, special attention is on athletics and archery. In the case of archery, students are given a fellowship to stay in the sports academy and are rigorously trained under the guidance of both Indian and foreign coaches. As described earlier, The Tata Football Academy is one of the most successful experiments in developing football talent in the country. Again, this is an academy which is entirely supported by the company and has renowned coaches and other support systems such as modern nutritional catering and specialist sports doctor in attendance. This residential programme, other than not taking fees from the students, offers free board and lodging, along with a monthly stipend, free playing kits and so on. These students also attend local schools during their training in the Academy.

A significant amount of funds is available for these activities. Similarly, the Tata run hospital in Jamshedpur caters to both employees and non-employees. The magnificent parks under the company’s care are as much a public property for locals and visitors to Jamshedpur. The maintenance of the city is now under a separate corporate wing of the Tatas. These activities are supported by Tata Steel. Similarly, other Tata companies have their own outreach programmes. All these efforts attest to the practical success of JRD’s vision of trusteeship.

The Tata vision of trusteeship is clearly seen in the way Jamshedpur is maintained and managed. Although Jamsetji did not live to see the town grow, he had a vision for it, a vision which dreamt of a town with broad roads, parks and areas for football and other games. Even though there was really no need to take on the responsibility of maintaining a town with high standards of urban management, the Tatas decided to do so. Jamshedpur is a model town in many ways. JRD’s involvement with this town, although he spent little time there, is illustrative of his view of himself as a trustee, among other things a trustee of this town. An ex-resident of Jamshedpur, who visited
the city on a visit wrote to JRD in 1987 about the problems of deforestation, pollution and other matters. After seeing this letter, JRD sent an internal note in response. A more detailed response to the letter was later sent to the ex-resident by a senior official of TISCO. JRD’s note on the letter was as follows:

“A thoughtful and well-meaning letter which deserves to be answered.
How come there are no taxis in Jamshedpur?
Why have cinemas closed? Spread of television or video? Surely not.
Are we doing enough towards re-afforestation on and below Dalma Hill?
The thunder of endless truck traffic on the road on which schools are located must be a great nuisance and impediment to teaching. Couldn’t some of it be diverted?”

This attention to details is important. Attention to details and in general aiming for perfection in cases where they do not translate into material or personal benefits are indicative of a sense of ownership based on responsibility and trusteeship. JRD’s concern about Jamshedpur and about its taxis and cinemas is part of the sense of responsibility he felt as a trustee of that town. Diverting traffic to help school children does not benefit the company. And this concern for that town is not JRD’s worry alone. For him, everybody should play their role as a trustee in their own limited way.

It is true that there are many other business houses that are engaged in social welfare. But I think it is reasonable to claim that nowhere and for not so long has one business house made social welfare an integral part of its corporate vision. There are many challenges and surely some shortcomings but here it is worthwhile noting how the idea of trusteeship was converted into successful practice. Although none of this reaches the lofty ideals and expectations of Gandhi’s aim of trusteeship we have a framework for possible elaboration of this idea with an emphasis on its practical implementation, an approach that would have suited Gandhi just as well as it suited JRD. There is no doubt that this seminal idea is extremely important for our society since it offers a non-violent and democratic way of creating a just world, a world which hopefully will be bereft of the senseless poverty that so much pained both Gandhi and JRD.

NOTES AND REFERENCES

4. Ibid., p. 6.
7. Ibid., p. 4.
9. Ibid., p. 10.
10. Ibid., p. 12.
11. Ibid., p. 21.
12. Trusteeship, op. cit., p. 5.
15. Ibid., p. 32.
16. Trusteeship, op. cit., p. 32.
17. Ibid., pp. 39-40.