

## **Chapter II**

### **Review of Literature**

#### **2.1 Introduction**

Poona Merchants Chamber works as a Chamber of Commerce or trade association of wholesale grocery traders. Chambers of Commerce or Trade Associations are found in almost all the countries of the world. Before beginning the research inquiry, the researcher referred to various books for understanding the basic concept and definition of business, types of business and also the evolution of chambers of commerce and trade associations. Therefore, in this chapter, the basic concepts of business like Trade, Commerce and Industry, Trade Associations and Chambers of Commerce and role of these organisations in the development and promotion of trade and commerce are reviewed.

#### **2.2 Concept of Business and related terms**

The term ‘Business<sup>1</sup>’ may be defined as the activity of making, buying, or selling goods or providing services in exchange for money. It also refers to the activity that is done by a store, company, factory, etc. It also includes work that is a part of a job.

Business<sup>2</sup> has also been defined as ‘An organization or enterprising entity engaged in commercial, industrial or professional activities. A business can be a for-profit entity, such as a publicly-traded corporation, or a non-profit organization engaged in business activities, such as an agricultural cooperative. It also includes any commercial, industrial or professional activity undertaken by an individual or a group. It also refers to a specific area or type of economic activity.

##### **2.2.1 Components of Business**

According to the Encyclopaedic Dictionary of Commerce (Volume 3) by Krishen Chander, business is sub-divided into two components:-

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<sup>1</sup>Merriam Webster Dictionary

<sup>2</sup>www. Investopedia.com

**a. Industry**

Industry is defined as an organised economic activity concerned with manufacture, extraction and processing of raw materials or construction.

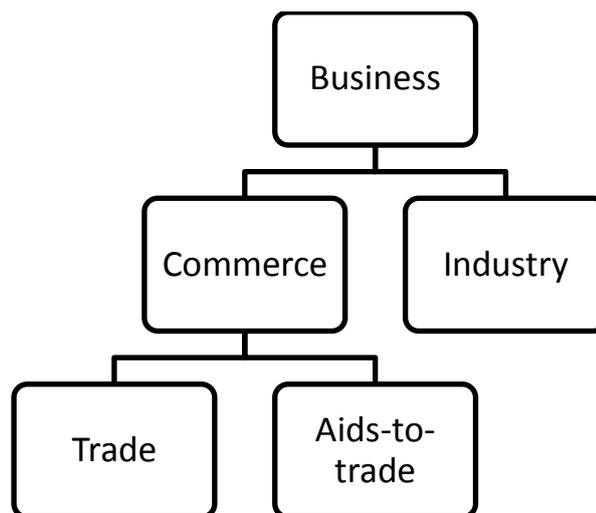
Industry may also be defined as a branch of commercial enterprise concerned with the output of a specified product or service.

**b. Commerce**

Commerce is the activity of buying and selling, especially on a large scale. It can also be defined as a component of business which includes all activities, functions and institutions involved in transferring goods from producers to consumers.

The system includes legal, economic, political, social, cultural and technological systems that are in operation in any country or internationally. Thus, commerce is a system or an environment that affects the business prospects of economies.

**Chart no. 2.1 Chart showing the Components of Business**



Commerce is further subdivided into

**a. Trade**

Trade is defined as the activity of sale, transfer or exchange of goods.

**b. Aids to trade**

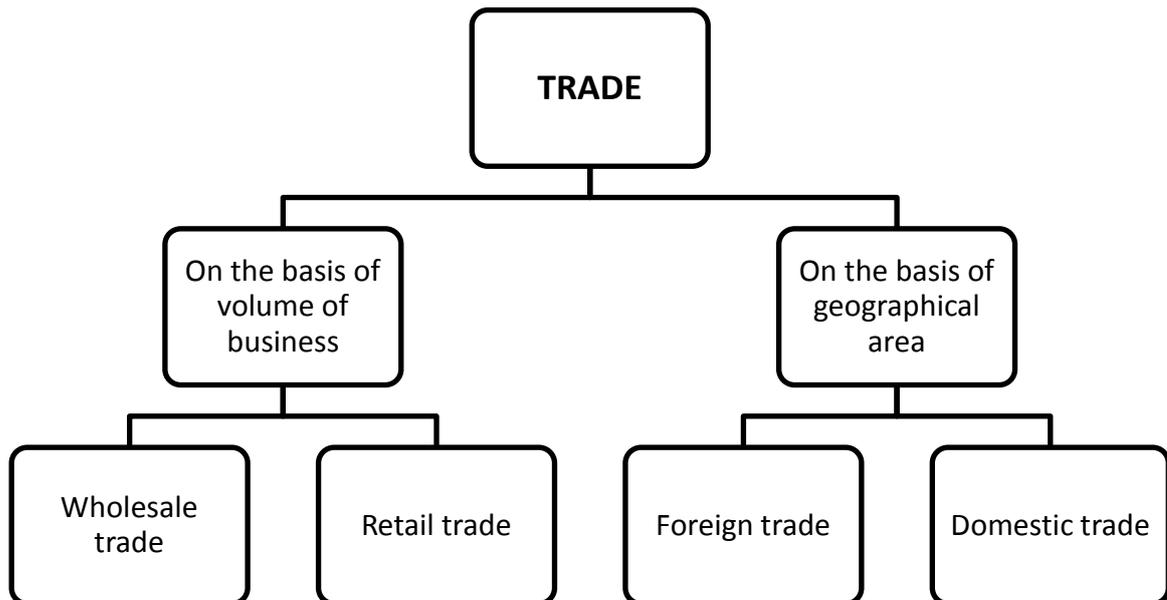
Aids to Trade are the activities which are necessary for smooth flow of goods from producers to consumers. These activities facilitate trade by removing various barriers in the buying and selling of goods. The main aids to trade include the

services of banking and finance, transportation, warehousing, insurance, advertisement and communication.

### 2.2.3 Types of Trade

There are different types of trade:-

**Chart no. 2.2 Types of Trade**



#### **a. On the basis of volume of business**

##### **-Wholesale trade**

Wholesale trade involves the movement of goods from manufacturers to retail enterprises or the movement of producer goods to their industrial consumers.

Wholesale trade is a form of trade in which goods are purchased and stored in large quantities and sold, in batches of a designated quantity, to resellers, professional users or groups, but not to final consumers. For example, goods sold in Pune Agricultural Produce Marketing Committee designated market area, Costco , USA, Altronics Australia, Amerisource Bergen and others.

Photograph of Costco Wholesale



**- Retail trade**

Retail trade is defined as the re-sale (sale without transformation) of new and used goods to the general public, for personal or household consumption or utilisation.

Examples are

U.S. based Walmart, Carrefour, Schwarz Group, Tesco and Kroger in the USA.

Vivek Ltd. in electronics segment, Metro Cash & Carry, Reliance Fresh, Big Bazaar of Pantaloon Retail, D-Mart are important retailers in India.

Photograph of Big Bazaar



## **b. On the basis of geographical area**

### **-Foreign trade**

Foreign trade is exchange of capital, goods, and services across international borders or territories.

### **-Domestic trade**

Domestic trade, also known as internal trade or home trade, is the exchange of domestic goods within the boundaries of a country.

## **2.3 Concept of Trade Associations and Chambers of Commerce**

Right from civilization, business exists as a part of the society and hence is also intimately affected by social, economic and political changes. At the same time, any businessman faces many issues and problems while conducting his business. In dealing with these issues, businessmen realized that they should come together and form their association.

1. A **trade association**, also known as an **industry trade group**, **business association** or **sector association** is an organization founded and funded by businesses that operate in a specific industry. An industry trade association participates in public relations activities such as advertising, education, political donations, lobbying and publishing, but its main focus is collaboration between firms and companies, or standardization. Associations may offer other services, such as organizing conferences and seminars or charitable activities or offering classes or educational materials. Many associations are non-profit organizations governed by bylaws and directed by officers who are also members.

Examples of trade associations in Pune include the Petrol Dealers Association, Architects Engineering & Surveyors Association, Computer and Media Dealers Association and others.

2. A **chamber of commerce** (also referred to as a **board of trade**) is a form of business network, e.g., a local organization of businesses whose goal is to further the interests of businesses. Business owners in towns and cities form these local organizations to advocate on behalf of the business community.

Examples include Mahratta Chamber of Commerce, Industry and Agriculture at Pune (est. 1934) Delhi Chamber of Commerce at Delhi (est. 1950), Indian Chambers of Commerce & Industry at Kolkata (est. 1925).

3. **Merchants Chamber-** The term 'Merchants chamber' generally means a chamber of commerce, having purview over particular geographical area, and which has traders as its members. However, the term 'Merchants Chamber' is also used with the same meaning as 'chamber of commerce'.

Examples include Poona Merchants Chamber, Pune (est. 1949), Indian Merchants' Chamber, Mumbai (est. 1907) and others.

These organizations exist at various levels like:

- 1) International level, for example World Trade Organization (est. 1995) at Geneva, Switzerland.
- 2) National level, for example NASSCOM, the National Association of Software and Services Companies (est. 1988) at New Delhi, India.
- 3) State level, for example MACCIA, the Maharashtra Chamber of Commerce, Industries and Agriculture (est. 1927) in Mumbai in the state of Maharashtra.
- 4) Local level, for example Poona Merchants Chamber (est. 1949) in Pune, an association of traders dealing in groceries and certain essential commodities.

The basic purpose of all such institutions is to develop a liaison between the governments and the traders and businessmen, for the development of an effective trading community. Also, the Chambers of Commerce play a vital role in the development of a fair system for helping the members, reducing conflicts and also in the promotion of the business or trade to which they belong.

The Indian economy was basically an agrarian economy, at the time of the British rule. However after independence, the agricultural economy has turned into an industrial economy, and in the recent two decades, it has become a knowledge economy. The following table shows the percentage share of agricultural sector, industrial sector, and service sector in the Indian economy over the period of planning.

**Table no. 2.1 Share of agriculture, manufacturing and service sector in total national income of India**

Sector	Share in national income (%)		
	1951	1991	2011-12
Agriculture & allied sector	55.3	31.4	14.0
services	29.6	42.7	59
industry	15.1	25.9	27

Source: Misra & Puri, *Indian Economy*

**Table no. 2.2 Share of agriculture, manufacturing and service sector in generating employment**

Sector	Share in employment (%)		
	1951	1991	2001
Agriculture & allied sector	72.1	66.8	56.7
services	17.2	20.5	25.1
industry	10.7	12.7	18.2

Source: Misra & Puri, *Indian Economy*

In order to evaluate the working of Poona Merchants Chamber and analyse its role in the promotion of wholesale grocery business in Pune city, the researcher referred to various literature on business associations and chambers of commerce and their role in the promotion of business, and in economic development

It is true that how a chamber performs its functions, has always been an issue of research enquiry. Research has been conducted in different countries regarding the role and functions of chambers of commerce and their contribution in economic development. However the number of academic researches regarding their contribution, performance and contribution is insignificant. Thus this study regarding the role of Poona Merchants Chamber in the promotion of wholesale grocery business in Pune city has its own significance.

#### **2.4 Basic objectives of Chambers of Commerce in various countries:**

The Chambers of commerce have emerged in all the countries because of the following reasons:-

- 1) The need of the businessmen for adequate representation of their interests in the government.

- 2) Need to have self-regulation for the growth and promotion of the particular business or trade.
- 3) Need to have co-ordination between industry, trade and government.
- 4) To achieve co-ordination at different levels between stakeholders.
- 5) To achieve rapid economic development.

### **2.5 Role of Chambers of Commerce in the Modern economy<sup>3</sup>**

The chambers of commerce play an important role in the modern economy. The following are the basic functions of chambers of commerce

- 1) Representative function
- 2) Regulatory function

In underdeveloped countries, planning or government intervention in development is inevitable. Hence it is necessary that chambers of commerce participate in local and regional planning and manpower planning, productivity improvements, collection of statistics and others.

The chambers of commerce must also reconcile the needs of different industries, different forms and sizes of enterprises in its proposals for regional development. This can provide guidance to the government or other central organisations in providing subsidies to industries or to chambers of commerce in backward districts.

However, it should be pointed out that the political role of chambers of commerce can be emphasized but only if membership is compulsory. In case of voluntary membership, there are many trade associations or chambers of commerce in a particular region with overlaps in membership.

This is particularly found in India, and hence it is difficult to include such chambers in the representative function. Yet, these chambers of commerce may try to help in the drafting of legislations relating to the businesses under their purview.

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<sup>3</sup>Dr. B.R. Sabade and Dr.M.V.Namjoshi, *Chambers of Commerce and Trade Associations in India*, Shubhada Saraswat Publications, 1977.

## **2.6 Finances of Chambers of commerce**

The Chamber of Commerce is a body, which has the objective of providing service to its members. Hence it does not have profit only as its ultimate objective.

The following are the sources of income for chambers of commerce. These sources could vary depending upon the type of business and structure of the chamber:-

Sources of income for chambers of commerce

- a. Membership subscriptions
- b. Secretarial fees
- c. Weighment and measurement
- d. Arbitration and dispute redressal
- e. Rent
- f. Advisory services provided to members and affiliated associations.
- g. Certification of documents

The following are the major items of expenditure for the chamber of commerce:-

- a. Salaries of staff
- b. Expenditure for Weighment facilities
- c. Providing facilities for members and affiliated associations
- d. Printing and stationery
- e. Organising conferences and seminars
- f. Travelling
- g. Refreshment
- h. Subscriptions to other associations and bodies
- i. Administrative overheads

The following is the general format of Income & Expenditure Account and Balance Sheet of a Chamber of Commerce.

**Table no. 2.3 Format of Income & Expenditure Account of a Chamber of Commerce**

<b>Expenditure</b>	<b>Previous year (Rs.)</b>	<b>Current year (Rs.)</b>	<b>Income</b>	<b>Previous year (Rs.)</b>	<b>Current year (Rs.)</b>
Stationery expenses			<b>Membership &amp; other income</b>		
News publicity expenses			Membership fees		
Telephone diary printing expenses			Hall Rent income		
Salary & allowances			Income received from services provided like Dispute Redressal		
Postage, telephone & courier			Interest Received/ accrued		
Office expenses			Other incomes		
Electricity					
Legal fees					
Audit fees					
Insurance					
Bank charges & commission					
Repairs & Maintenance					
Property tax, water tax					
Advertisement					
Travelling & conveyance expenses					
Subscription to periodicals					
Expenses for Award function					
Expenses for printing of Chamber magazine					
Depreciation on assets					
Donation					
Income over Expenditure for the current year					
<b>Total</b>			<b>Total</b>		

**Table no. 2.4 Format of Balance Sheet of a Chamber of Commerce**

<b>Capital &amp; Liabilities</b>	<b>Previous year (Rs.)</b>	<b>Current year (Rs.)</b>	<b>Assets</b>	<b>Previous year (Rs.)</b>	<b>Current year (Rs.)</b>
Corpus Fund  Other Reserve Funds like Award Fund, Building Fund etc.  Library Membership Deposit  <b>Income &amp; Expenditure Account</b> Opening Balance Add: Surplus for the year  <b>Current Liabilities</b> Tax Payable Sundry Creditors Provision for expenses			<b>Fixed Assets</b> <b>Bank Deposits</b> <b>Current Assets, Loans &amp; Advances</b> Membership fees receivable Salary advances Stock of Stationery Interest accrued on savings bank account  <b>Cash &amp; Bank Balance</b>		
<b>Total</b>			<b>Total</b>		

### **2.7 Services given and functions performed by Chambers of Commerce**

The functions of chambers of commerce can be broadly divided into four parts- Representation, Regulation, Promotion and Miscellaneous.

**1. Representation**-This is the most important function of the chambers of commerce. The chamber of commerce acts as an agent or spokesman for business or industry. In order to fulfil this function in a proper manner, the chambers of commerce need to maintain a good library, having books providing information about various aspects of business, the history of the business in a particular area. In addition, the chamber needs to collect proper data and statistics on the particular trade, so that it can be provided to the government when necessary. For proper collection of data and statistics, it is important that the chamber must have members from the entire trade or industry i.e. large and small industries, industries in various villages, districts or states (depending upon the purview of the chamber).

However, it is found that in most cases, only the larger chambers of commerce have a good library. The journals published by the chambers of commerce also are not of a high standard. Also when there is a particular matter on which a case is to be built

up, the views of the larger businessmen who are in the governing body of the chamber of commerce are reflected. Hence it is important that the chamber of commerce should have a fairly representative executive committee.

In order to fulfil the function of representation, the chambers of commerce have to undertake lobbying at the level of the central government, state government, local government or even with the press.

The chambers of commerce can also fulfil the function of representation if its office bearers or members are appointed on advisory committees constituted by the government. But this is possible only if the chamber of commerce is of such large size that it represents that particular trade or industry, as a whole.

**2. Regulation** - The chambers of commerce also perform the function of regulating the industry as a whole. This is done in order to prevent unhealthy competition and promote fair practices in the particular industry. This can be done by instituting awards for excellence in various aspects of business and for the best business practices in the industry.

The function of regulation also includes aspects like voluntary price control. The chamber of commerce also performs the function of arbitration in case of disputes amongst the members.

In order to promote equitable development among the large sized units and small sized units, the chamber of commerce also promotes fair trade practices. All this is done with the objective of ensuring the sustained growth of the industry as a whole.

**3. Promotion**- The chamber of commerce performs the function of promotion of the particular business or industry to which it belongs. This is because the growth of the industry can ensure the growth of all the participants, and thereby the chamber can ensure the betterment of all its members. The chambers of commerce can perform this function by organising conferences, where all the members can come together and thus the chamber provides a common platform where the members can discuss the issues relating to business, government policies and others. In these conferences, industry experts and government officials can be invited as resource persons, so that the members can be made aware of various government schemes or benefits pertaining to their business. This can help in the promotion and expansion of the particular business.

**4. Miscellaneous functions-** Apart from the above mentioned functions, the chambers of commerce also perform the following additional functions:-

**a. Education-** Many chambers of commerce have played a role in establishing commerce colleges in their areas. Also it is necessary that the chambers of commerce have some contact with commerce teachers and educators, so that the commerce students also get practical knowledge. In addition, the chambers of commerce can organise seminars and conferences so as to disseminate knowledge amongst the members, regarding current issues in business, innovations in the field and others.

**b. Image building-** The complete and fair representation of the business of a region, the importance of the geographical area and the extent of development of business in that area, and the functions performed by the chamber are the primary factors in the formation of the image of the Chamber of Commerce. The chamber should also concentrate on rendering services to all and should meaningfully represent the business of the area. There should be no conflict of interest between those who run a chamber and its office bearers, and the general body of businessmen, both members and non-members.

**c. Service to society-** Many chambers of commerce also engage in social service activities like flood relief, blood donation camps, felicitation of achievers in various fields and others. This helps in image building and maintaining the goodwill of the chamber of commerce in society.

## **2.8 Constitution and Organisation of Chambers of Commerce**

Generally the chambers of commerce have office bearers like President, Vice President, Secretary or Joint secretary. In addition, there is an Executive Committee which is responsible for the functioning and decision making of the chamber. There may also be sub-committees for certain important aspects of functioning. The office bearers are elected for a particular term by voting or democratic process, by the members. The chambers also have an office staff which performs the day-to-day administrative duties of the chamber.

The chambers of commerce charge membership fee to their members. This fee is higher for bigger business houses and they have more resources, so they automatically get more power in the chamber of commerce. This enables them to

become the office bearers of the chamber. In this respect, the argument of chamber of commerce is that this is important to get funding, providing the facilities and services and getting the business heard. But if the voice of the chamber of commerce is to be considered as the representative of the entire business community, then there has to be some rule of democracy regarding the elected office bearers of the chamber. Also if the office bearers of the chamber are to be elected in advisory committees of the government, then fair representation is necessary.

The chamber of commerce charges a minor fee to the elected members. Also the executive members subsidise the entertainment expenses upto a certain amount for the chamber. Hence they become indispensable for the chamber.

## **2.9 Chambers of Commerce as Central organisations representing business**

In India, prior to independence, the development of centralized representative activity of business was closely related to the development of the Indian National Congress. It was called the Indian Commercial Congress.

In 1920, ASSOCHAM( The Associated Chambers of Commerce and Industry of India) and in 1927, FICCI (The Federation of Indian Chambers of Commerce & Industry) was established.

The **ASSOCHAM** was established in 1920 , at New Delhi with the Bombay Chamber of Commerce & Industry, Cochin Chamber of Commerce & Industry, Indian Merchants Chamber, Mumbai, the Madras Chamber and PHD Chamber of Commerce & Industry, New Delhi as its Promoter Chambers. Today it has more than 400 Chambers and Trade Associations, and more than 4,50,000 members from all over India. It has witnessed the various changes in the Indian economy, and contributed significantly by acting as a catalyst in shaping up the Trade, Commerce and Industrial environment of India.



The **ASSOCHAM** is one of the apex trade associations of India. The organisation represents the interests of trade and commerce in India, and acts as an interface between industry, government and other relevant stakeholders on policy issues and initiatives. The goal of this organisation is to promote both domestic and international trade, and reduce trade barriers while fostering conducive environment for the growth of trade and industry of India.

ASSOCHAM members represent the following sectors:

- Trade (national and international)
- Industry (domestic and international)
- Professionals (Eg: CAs, lawyers, consultants)
- Trade and Industry Associations and other Chambers of Commerce.

The **Federation of Indian Chambers of Commerce and Industry (FICCI)** is an association of business organizations in India. It was established by GD Birla and Purushottam Das Thakurdas, on the advice of Mahatma Gandhi, in the year 1927. It is the largest, oldest and the apex business organisation in India. It is a non-government, not-for-profit organisation. FICCI has members from the corporate sector, both private and public, including SMEs and MNCs. The chamber has an indirect membership of over 2,50,000 companies from various regional chambers of commerce.



FICCI is involved in sector specific business policy consensus building, and business promotion and networking. Its headquarter is located in New Delhi and has presence in 12 states in India and 8 countries across the world.

## **2.10 Lines of development open to Indian Chambers of Commerce**

### **a. Expansion in coverage and function-**

The Chambers of Commerce should aim for expansion in the number of functions that they perform and also expand their coverage to include the medium and small scale businessmen. Only in this way can the chambers of commerce effectively perform their basic function of representation.

### **b. Continental model of organisation**

The Continental model of organisation of Chambers of Commerce is found in the countries like USA, Canada, the UK, and also in Sweden, Finland, Norway and Denmark. As per this model, the business organisations are not obligated to become Chamber members. However, they often become members to develop their business contacts and, to demonstrate a commitment to the local economy. Though governments are not required to consult chambers on proposed laws, the chambers are often contacted on account of their local influence and membership numbers. This model has the element of democracy and voluntary organisation, which is most likely to work in India.

### **c. Piecemeal rationalization.**

If there are too many Chambers of Commerce in any geographical area, it leads to overlapping of functions and inefficiency. Hence the chambers of commerce can go in for piecemeal rationalization. It may or may not include a semi-official status for chambers of commerce. It is necessary that the chambers should maintain a register. If membership is made compulsory, it can lead to members' loss of interest. The middle line approach would be based on voluntary efforts and government action by encouraging certain constitutional types of chambers and influencing the chambers through selective appointments to advisory committees. The acceptance of certain public functions and acquiring a semi-official status while retaining freedom of initiative would be even better for the chamber of commerce.

In this context, Japan is a good example, as it is compulsory for the chambers of commerce to maintain a register of businesses in their area. They also have a separate register for the members. The register of all businesses, members and non-

members becomes useful when an opinion is to be formed on issues concerning all the businesses.

## **2.11 Origins of Chambers of Commerce and Trade Associations in the world**

In the year 1599, the term "chamber of commerce" was used for the first time, in Marseille, France.

### **1. Establishment-**

Moving beyond individual interests to that of a collective group, the establishment of chambers provided merchants, traders, craftsmen and industrialists a public forum to discuss issues facing them as a business community. This representation of common interests became, and remains, the foundation of chambers of commerce worldwide. Gaining acceptance from public authorities also helped the cause of the chamber. Public authorities rapidly established close dialogue with chambers, seeing them as the legitimate and institutionalized common voice of business.

Today, chambers of commerce exist in almost every country of the world.

### **2. Diversity-**

Chambers of commerce today are diverse in name as the business communities they represent. The word "chamber" is still used in most countries. Chambers also describe themselves as representing "manufacturers", "entrepreneurship", "training", "shipping", "commodity exchanges", "agriculture", etc, to help reflect the communities they serve.

Chambers have been established along bilateral lines (eg. British-Swedish Chamber of Commerce, est. 1954) as well as community and special interest chamber groups eg. Hispanic Chamber of Commerce (est. 1993), Singapore Indian Chamber of Commerce (est. 1935). Transnational Associations of chambers are also found, such as the Confederation of Asia Pacific Chambers of Commerce (est. 1966).

However, the common goal of chambers of commerce remains to support business enterprises.

### **3. Two models: Private Law and Public Law**

While chambers of commerce have evolved and grown based upon a nation's own historical context, two basic models prevail :-

a. **Public Law** -The "continental" or "public law" model is founded on the remains of medieval guilds. From its origins in France, chambers were established quickly across other European countries like Austria, Germany, Italy, Slovenia and Spain. This type of chamber is called "public law" as it is established and regulated by national legislation. A key characteristic is that under most public law chamber systems, membership is mandatory for all enterprises.

**Public law** chambers are generally found in Europe as well as French speaking Africa and other former French colonies. Other countries like North Korea, Bhutan, as well as the majority of Arab nations have accepted this model.

b. **Private Law**-The predominant model in the world is the "private law" or "Anglo-Saxon" model originated in Great Britain and spread to other countries influenced by the British tradition. It is also prominent in the Nordic countries. These chambers are established by the desires and needs of their local business community. These chambers are not created and governed by public statutes, but are established under private law requiring only registration in business or association registers.

**Private law** models are found in Great Britain, other countries of the British Commonwealth, North America, Scandinavia, Belgium, Switzerland and India.

3. **Hybrid model**- While most chambers can be classified as one of these two models, some countries have incorporated features of both systems more compatible with their own political and economic development. Such hybrid models can be found in China, Cuba, Paraguay as well as other Latin American countries, Singapore and Vietnam. Though established by national legislation, the chambers operate with voluntary membership systems.

## **2.12 Origins of Chambers of Commerce and Trade Associations in India**

The Chambers of Commerce in India have always been purely voluntary bodies. In the 1830s, the East India Company withdrew from trading activity in India, Chambers of Commerce were established in Calcutta in 1833, Madras in 1834 and Bombay 1836. Thus the Chambers were first established in the port regions where there was plenty of trading activity. Until the 1880s, the Chambers of Commerce were solely British. After the 1880s a large number of Indian businessmen had

begun to enter modern trade and industry. Hence Indian Chambers of Commerce had begun to be formed after the 1880s. The first Indian Chamber of Commerce was founded in Coconada in 1885, Bengal National Chamber of Commerce was founded in Calcutta in 1887 and the Indian Merchants' Chamber in Mumbai in the year 1907. After that, there was rapid establishment of such Chambers of Commerce in different cities and regions.

The Chambers of Commerce established by the Indian businessmen did not follow the system of the '*Mahajans*', which brought together businessmen of different castes in a common organisation. It was also different from the historical position of '*Nagarsheth*', which was a hereditary position. These Chambers of Commerce adopted the model provided by the Chambers organised by the British in India. Thus they followed the Private law model. Membership was open to all and was on a voluntary basis. The officials were not appointed on hereditary basis, they were elected. However the differentiation, based on sub-caste and region continued in practice, which limited the expansion of these Chambers of Commerce. Thus more than one Chamber emerged in many cities. Thus the principles of organisation of these Chambers were British, but there was the background influence of traditional and social divisions.

### **2.13 Chambers of Commerce and Trade Associations in the state of Maharashtra**

Before independence, there were the major three provinces in the south of India, Mumbai, Madras and Calcutta. On account of the proximity to the sea route through Mumbai port, trade and business developed in the province of Mumbai. Depending on the needs of business, Chambers of Commerce and Trade associations were also formed, with the passage of time. The following are two of the important Chambers of Commerce in the state of Maharashtra:-

#### **a. The Bombay Chamber of Commerce and Industry**

The Bombay Chamber of Commerce and Industry was established in the year 1836. It is one of the oldest Chambers in the Country. It is registered under Section 8 of the Companies Act, 2013 (Section 25 of The Companies Act, 1956) as a non profit organisation. The Chamber has played a significant role in the development of the city. It was largely responsible for the first railway built in India-The

Bombay-Thana railway completed in 1853, has representation on the Port Trust. It played an important role in the passing of the India Postage Act of 1854 and standardization of weights and measures in 1932. It set up machinery for arbitration of commercial disputes and also established customs of trade.

The Chamber has played a significant role in supporting the development of industries in Mumbai over the last several decades. The Chamber serves as an effective vehicle of communication between the regulatory bodies, the corporate sector and the society. It collaborates with other Industry associations and thus increases its reach to the decision makers beyond boundaries of Mumbai. It also supports many Micro Small and Medium enterprise members and contributes effectively towards overall development of its member companies by remaining responsive to the needs of business and addressing various issues.

Bombay Chamber Review is a monthly publication of the Chamber. It reports on Chamber activities conducted during the month. It regularly features inputs from corporate leaders, reports on the current economic outlook in India, information on global trade and investment trends and a "Country Focus" feature to introduce some of India's major trading partners.

Another feature is the SQ 'Raising the Sustainability Quotient' focuses on generating awareness about developing sustainable enterprises.

'AnalytiQue' is a quarterly journal published by Bombay Chamber Trust for Economic and Management Studies. It focuses on the analytical view of the macro economic scenario, industrial performance and other issues of interest. This research oriented Journal is a valuable communication channel between the industry people, researchers and thinkers as it provides the platform to discuss and deliberate on current economic issues, which are affecting business and commerce in India.

**Newsletter** is a monthly publication to inform members and other stakeholders about activities of the Chamber.

In addition, the Bombay Chamber has also prepared the guidelines for Whistle Blower Policy in the form of a booklet, which will serve as a reference tool for setting up high standard of Code of Conduct within the organization. Also, the Human Resource Management Committee of Bombay Chamber has prepared

various booklets which can serve as a toolkit for the members in dealing with HR issues.

#### **b. Maharashtra Chamber of Commerce, Industry & Agriculture (MACCIA)**

Maharashtra Chamber of Commerce, Industry & Agriculture (MACCIA) is the Apex Chamber of the State, which was established in Mumbai in the year 1927. The Chamber plays a pivotal role in supplementing the efforts of government for the economic development of the State and advancement of its people. With more than 3500 direct Members, consisting of large, medium and small-scale industries, traders, agriculturists and professionals, MACCIA is the only Chamber in Maharashtra, which has its roots in all the 35 districts encompassing 355 talukas of Maharashtra. In addition over 800 local trade and industry associations and professional bodies having collective membership of over 700,000 business organizations from all over the State are affiliated to the Chamber and thus it virtually functions as the State's Apex Chamber.

The MACCIA has been publishing 'Chamber Patrika' as its monthly mouthpiece. It covers a number of articles on current business issues and problems faced by business houses, activities and functions of MACCIA and also information about the latest government policies.

The MACCIA has a branch office at Nasik. The Chamber has been conducting number of programs useful for various regions in Maharashtra like Winery business in Nasik, profession of Tourism in Konkan, production of jaggery and sugar in South Maharashtra and others through its special issues.

The MACCIA publishes its members directory on a regular basis. The Chamber has instituted a number of awards for successful businessmen. It also conducts essay writing competitions for Commerce students.

#### **2.14 Chambers of Commerce and Trade Associations in Pune city**

Pune is a city having historical importance. The habitations in the early historical period have been traced to the present heart of the city, known as the Kasaba Peth, dated from 2<sup>nd</sup> century B.C.E. to 3<sup>rd</sup> century C.E., generally famous as the Satavahana Period in Indian history. The famous trade route, Naneghat, and the

trade routes along the present Mumbai- Pune highway, were probably responsible for such large-scale habitations in different parts of the district. In fact thousands of coins have been recovered from various places, which suggest the bustling trading activity and prosperity of the period. This trading activity continued to flourish in the city during the Maratha rule to the British rule. After independence, Pune became famous, not only for trading activity, but also for manufacturing activity. Various industrial and manufacturing companies like the Kirloskar Group, Forbes Marshall Group, Finolex Group, Kinetic Group and others have established their manufacturing units in the city. Thus the automobile industry, auto component industry, engineering industry and the latest information technology industry have all developed in the city of Pune after independence. Various trade associations and Chambers of Commerce were also established along with the development of business and trade in the city.

The following are the important Chambers of Commerce and Trade Associations in Pune city

**a. Mahratta Chamber of Commerce, Industries and Agriculture (MCCIA)**

Mahratta Chamber of Commerce, Industries and Agriculture was established in the year 1934 by Late Mr A. R. Bhat to accelerate the industrial growth in and around Pune. It works through different committees and has made unique contribution for representing the industries unto the government.

The MCCIA renders services to the industry through its 30 committees consisting of reputed experts, professionals and entrepreneurs through strategic planning, sending memorandum to Government on policies and regulations and organising national and international conferences and symposiums for members. It performs various activities which include the following:-

- i) Making representations at the concerned Government Departments.
- ii) Partnership with the Government for different projects.
- iii) Branding for Pune to attract investments.
- iv) Infrastructure Development.
- v) Promoting international Trade and Business.
- vi) Guidance and assistance to SMEs.
- vii) Spreading awareness on the current issues and latest Technology and Tools.
- viii) Events : Seminars, Workshops and Exhibitions.
- ix) Database Creation.

x) Economic Research activity

‘Sampada’ and ‘World of Business’ are the two important publications of MCCIA, as its mouthpiece over the last 60 years. It has also published research studies on Food Processing Industry, Information Technology Industry and on Corporate Social Responsibility

#### **b. Poona Merchants Chamber**

The Poona Merchants Chamber was founded in the year 1949 by the wholesale grocery traders of Pune city. It is dedicated to the cause of development and protection of wholesale grocery business and traders. It has made its name and fame throughout the state of Maharashtra and India through its various initiatives. It provides leadership to innumerable trade associations in Maharashtra.

#### **c. Indo-German Chamber of Commerce, Pune branch**

The Indo-German Chamber of Commerce was established in the year 1956. It was founded with the aim of enhancing trade and business relations between the traders and manufacturers in Pune city and those in Germany.

It is the largest German Bi-National Chamber abroad as well as one of the largest Chambers of Commerce in India with over 6500 member companies across diverse sectors. Headquartered in Mumbai, the IGCC has 6 other offices in New Delhi, Chennai, Kolkata, Bangalore, Pune and Düsseldorf, Germany, and 17 honorary representatives in smaller towns and cities, in order to facilitate better business contacts among Indian and German companies.

The Indo-German Chamber of Commerce serves as a significant catalyst for the promotion of trade and industrial relations between India and Germany. It offers numerous services such as Business Partner Searches, Company Formations, Legal Advice, HR Recruitment, Marketing and Branding, Trade Fairs, Information and Knowledge-Exchange through various Publications, Delegations and Events, and Training.

In addition, there are many trade associations which represent the interest of the particular trade to which they belong. There are **35 Associations of Traders and Merchants** connected with different trades, industries and businesses in Pune city.

Of these, seven are connected with grocery trade, three with general commission business; and three with cloth trade. There are two associations in each of the following trades namely, tailoring, flour-mills, and motor transport. There is one association for each of the following trades, viz., printing-press, tobacco, watches, timber, hotels and restaurants, cycles, sweetmeats, flour-mills, trunks, ghee, goldsmith, brass and copper wares, hardware and banks.

Most of these associations have been formed with a view to bringing about closer cooperation amongst the members of the trade or industry concerned, to lay out a common policy and to devise ways and means of further promotion of their business. Often disputes among the members of the trade are referred to these associations for amicable settlement.

### **2.15 Other literature on Chambers of Commerce in India**

The following is a brief account of some other literature on the subject of trading systems in India and also on the chambers of commerce and trade associations in India :-

1. Gadgil D.R has explained the growth of various trading and business community in Pune city in the book titled '*Mahajans and Nagarsheths in Pune city*'.
2. Hopkins E.W has given an account of the history of the trading community and its development as well as changing patterns of trading systems in India in his book titled '*India: Old and new*'.
3. In his book '*Business and Politics in India*', Stanley A has explained the development of business and trade systems in India as well as the contribution of trade associations in the development of the modern economy.
4. Dhekney M.R. has explained about the various Chambers of Commerce and Business Associations in India in his book named '*Chambers of Commerce and Business Associations in India*'.

### **2.16 Insights gained**

On the basis of the review of literature, the researcher has gained a lot. The following are the main points of such insight:-

1. Chambers of Commerce in India are voluntary bodies, established with the following basic objectives:-
  - a. Representation of the traders' interest before the government.
  - b. Regulation of the business or industry as a whole.

c. Promotion of the business or industry.

They also perform certain miscellaneous functions like providing education to members, image building and service to society.

2. They have an executive committee, and office bearers which are elected by the members.

3. The development of Chambers of Commerce has been hand in hand with the development of trade and business in a particular region.

### **2.17 Research gaps identified**

The Researcher has also referred to the Research work already made on Chamber of Commerce over the last several years. However, the researcher has observed the following research gaps:-

1. There is very little new contribution in the last two decades in the field of chamber of commerce and its contribution to economy as the majority of researches are done in the decade of the 1950s and 1960s.

2. No empirical evidence is found regarding the changing role of traders associations and chambers of commerce in the era of liberalization and globalization .

3. The modern chamber of commerce undertakes various activities of trade promotion and business development, for which appropriate research has not been undertaken.

4. The functions of chamber of commerce have now expanded beyond representation . It also undertakes the activities of image building and congenial relation development. Thus it is necessary to study the variety of functions performed by the chamber of commerce in today's scenario of liberalization and globalization. Thus this research, which focuses on the changing role of Poona Merchants Chamber right from its establishment in 1949 to the current year 2016, is justified.

### **2.18 Summary**

In this chapter, a detailed Review of Literature regarding Trade & Commerce and Trade Associations and Chambers of Commerce is made. This chapter has been written with the aim of identifying the important aspects of research work regarding the role and functions of chambers of commerce, organisation of chambers of commerce in India, and identify the areas where research has been

done and what are the unattended issues. This chapter is important because the evaluation of performance of Poona Merchants Chamber can be done only in the light of general observations and study of other Chambers of Commerce in the country as a whole and in the state of Maharashtra. What the Chambers of Commerce and Trade associations in India have done in the past, and what are the needs of trade and business in the changing scenario, is very well identified by the Review of Literature.

Let us understand the path of developments of the city of Pune and the profile of the Wholesale Grocery Business of Pune city in the next chapter.