Chapter III

CHAMBERS OF COMMERCE: CONCEPT AND DEVELOPMENT
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3.1 Introduction:

The concept of trade associations has its origin in ancient civilization. The term guild or brander is associated with associations of traders and artisans who used to make their own products and have developed local markets. Guild is a word indicating association or union. Even today there are guilds like printers guild, artisans’ guild etc. There are also examples of associations contributing to economy, market and trade development through specific types of products. Gold smith, iron smiths and many such small businesses usually have a well organized system of manufacturing products, branding and distribution. The local markets used to have their own names and markings to identify and distinguish the products of one market from another. In medieval Europe, the guilds have always played a major role in promotion of trade. The growth of domestic European economy was the result of contribution of local merchants and guilds on a large scale. Many guilds and basic traders’ association have submitted memorandum to the Dukes for reduction of taxes, bounties and levies as well as for uniform system of taxation. This was the origin of modern Chambers of Commerce.¹

Since Industrial revolution, the whole concept of trade became dependent on industry. Localized markets having indigenous manufacturers were having a small span of activities. The products had limited customer base and the market size was very narrow. There used to be a situation of monopoly or monopsony due to small, concentrated and restricted market arena.

¹ Book Name: Chambers of commerce and trade Associations in India
Author: B.R. Sabade & M.V. Namjoshi
Publisher: Shubhada-Saraswat
Year: 1977
Industrial revolution had changed this scenario giving more scope for market expansion, developing demand-supply based phenomenon and even in certain cases creating artificial demand. Industrial system of production created a large production base resulting in market expansion and development of large customer base. With expansion of market and creation of demand, the number of manufacturers, traders and middlemen has enhanced. Economy has grown in both quantitative and qualitative size. This changed the economic relation between various sections of society. The old system of one-to-one relation between customers and traders has changed from one-to-many relations between traders and customers. With increase in size of economy, the pattern of regulation of economy has also changed. This was a fundamental alteration of economic structure and not a cosmetic change. New economy demanded new regulations, new methods of monitoring the systems and even new approaches to establish relation between traders, government and customers. Government considered this expansion as a major opportunity for levying new taxes; regulating trade, commerce and industry; and acquiring power to control the society. Never before the economic and trading systems became as important as it was in the medieval era due to growth of trading systems and economy. This was the background to promote a new system of trade, commerce and industry. Traders and entrepreneurs who started their own ventures also realized the opportunities and problems with the growth process. On one side it was a great boon for expansion and making profits; whereas on the other hand, the regulating mechanism and growing economic inconsistency and government intervention was a major challenge. In order to overcome this challenges it as necessary to come out with an appropriate solution. This led to establishment of unions of traders, merchants and entrepreneurs. This resulted in the establishment of chambers of commerce.

Today the chamber of commerce is a well organized economic network working in a formal manner to promote and protect commerce and industry.

3.2 Purpose of writing this chapter:

The present chapter is written with following objectives:

1. To analyze how the chamber of commerce came into existence.
2. To identify what are the principal issues associated with growth and development of chamber of commerce.
3. To examine how the growth and development of chamber of commerce has influenced the success of business houses.
4. To know what are the principal activities which the chamber of commerce intends to pursue and its present status.

3.3 **Scope of the chapter:**

The present chapter covers following important aspects:

1. Historical development of chamber of commerce.
2. Role, functions, mission and vision of chamber of commerce.
3. Present status and dimensions of functioning of chamber of commerce.
4. Conceptual aspects of activities undertaken by chamber of commerce.
5. Challenges faced by chamber of commerce in fulfilling its mission and making a progress in a desired manner

3.4 **Concept of Chamber of Commerce**:\(^2\)

Chamber of commerce is a very important concept of modern business. It has been helpful in growth of modern business in multiple ways. Today chamber of commerce is a highly acknowledged concept due to its uniqueness, application and multidimensional utility. It is a liaison between traders and traders, traders and government, traders and society, as well as traders and consumers. A chamber of commerce is a voluntary association of traders, industrialists, and merchants who are associated with trading community. A chamber is a voluntary association which works as a catalyst agent to promote trade and economic development. A chamber justifies its role as a promoter of economic development by undertaking various activities of commercial and economic interest. It will be difficult to imagine modern economy without chamber of commerce. Most of the changes, reforms and developmental processes in business are the result of initiatives and proactive measures taken by the chambers. A chamber works for protecting the interest of trading community on one hand and promoting the well being of the economy and trading system at large. A modern chamber is

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\(^2\) [http://www.wikipedia.org/]
no longer considered as merely employers union or association of traders for petty gains. It has a broader scope of functioning due to lateral and vertical changes in the economy. Hence we can say that a chamber of commerce is a principal agency that works for the promotion of general business development in a given society.

If chambers of commerce are so diverse in origin and in function it becomes necessary to clarify both the broad common concept that characterizes all chambers and the concepts that provide the foundation of at least the three broad sub-types. It also becomes necessary to distinguish sharply the chambers of commerce from other representative organizations of business such as trade associations as also from other governmental and non-governmental bodies that undertakes functions similar to chambers of commerce for local development.

<table>
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<th>In most cases, whether the chambers of commerce are private associations or public bodies, they have a number of common features.</th>
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**Firstly**, they have a definite territorial jurisdiction and a subject jurisdiction that cover all the economic problems arising within their area. This enables them to avoid being tied down by the particular interests of a single trade or profession.

**Secondly**, they are in direct contact with trade associations and individual manufacturers and traders. The real strength of these bodies lies in giving direct access to its membership to the administrative process.

**Lastly**, chambers of commerce have to a greater or less degree the two fold task of informing the public authorities about the economic situation within their area, and the general or particular problems arising there, and giving their members information, and if need be, helping or assisting them in their trade or professional activities and in dealings with the public authorities.

3.5 Definitions of Chamber of Commerce:

“A Chamber of commerce is a voluntary organization embracing firms, public officials, professional men and public-spirited citizens of locality or area. They are not only interested in publicizing, promoting and developing commercial, industrial and civic opportunities but also seek to improve community schools, street parks, playgrounds, housing, public works, recreation and tourist facilities, etc.”

“A chamber of commerce implies a voluntary and a co-operative organization of the business community established to promote commercial, industrial and civic interests. A chamber of commerce, therefore, serves as a central agency for individuals, firms and companies and trade associations for promoting and protecting business interests. It is through this central agency that varied interest groups deal with common problems and evolve and project collective thought.”

“Chambers of commerce embrace in their membership business firms and individuals from all times of endeavor, whether competitive or not. They attempt to advance the general interests of a community rather the serving one economic group.”

The Encyclopedia Britannica definition, it will be noticed, gives equal weight to the representative and the local development functions. This definition serves to emphasize that in certain countries chambers of commerce have descended from organizations of businessmen which participated in or influenced city administration and hence had a considerable tradition of interest in local development. Prof. Dhekney’s definition, it will be noticed, stresses that varied-interest groups are present. He makes particular mentions of the fact that these organizations develop collective thought and action. This, however, applies not only to well-organized local chambers, but even more to national organizations representing business.

Lamb and Kettle’s concept stresses the attempt to advance the general interest of a community rather than serving one economic group. Their definition is appropriate in the U.S.A.

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3 Book Name : Bengal Chamber of Commerce & Industry
Author : Geoffrey Tyson
Publisher : Bengal Chamber of Commerce & Industry
Year : 1953
environment. In the U.S.A., a chamber is not, as in Britain, a body which attracts its membership exclusively or basically by services offered; local chambers are community centres of activity and pay considerable attention to local problems such as housing and schools.

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<tr>
<th>Reasons of Evolution of Trade Unions:</th>
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<td>The traders union is comparatively a new concept. It has taken a lot of time to develop such a kind of formal and organized union. There were earlier attempts to form such unions. But all those efforts and attempts could lead to the formation of a local level informal association. Development of a formal trade association is comparatively a recent phenomenon of 20th century. The changed scenario of industrial workers, rapid growth of retail and organized distribution system, new system of taxation and increased monitoring by the state authorities were the compelling forces that resulted in formation of modern merchants association. The urge to demand protection and security were some important reasons.</td>
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This concept is natural in an environment in which little distinction is made between the general business interest and the community interest. A substantial section of opinion is the U.S.A tends to concede that conflicts may arise between particular enterprises and the general community and also between particular industries and general community but even this section of opinion is reluctant to concede a conflict between the business community as such and the general community.

Stanley A. Kochanek, like many other political scientists, looks at chambers of commerce as interest or pressure groups which serve as mechanisms for the articulation of demands and pressing of group claims in the political system. This definition explains one function of the chamber of commerce but leaves out many areas of common services which the chambers organize for their members and for the community. Therefore, we do not think this will explain the activities of chambers of commerce adequately.

“A trade association may be defined as an organization for mutual benefit, composed of independent business concerns engaged in the same kind of industry or trade and designed primarily to affect the conduct of that industry or trade. It differs from the less homogeneous associations of independent business units such as chambers of commerce, general
manufacturers’ organizations and similar groups in that its membership is limited to participants in a particular line of manufacture or commerce and its activities are restricted to the field of their primary interest.”

A clear distinction is also possible between chambers and miscellaneous organizations such as commodity exchanges, stock exchanges, etc. the latter have an explicit regional basis like chambers of commerce and have business firms as their members but they are bodies organized for discharging a particular function and not for representing a heterogeneous-interest group drawn from a given region.

Chambers of commerce, in the Indian context, may also be distinguished from Export Promotion Councils and Local Productivity councils which have the Government as an active member. Productivity Councils in India are tripartite bodies and though chambers in certain countries such as Belgium and Italy have a partially tripartite character the distinction is very clear in the Indian context.

3.6 Origin of Chamber of Commerce:

Chamber of commerce is a considerably old economic and business institution. This institution has a long standing and has worked very successfully for more than 2 centuries in different parts of the world. Initially it started as a traders’ guild, then manufacturers association and now it has taken shape of a formal and well defined business association.

A chamber of commerce has its origin in the economic unrest after post industrial revolution of 1760s. The advent of ‘Little Genie’ and power loom was the first step towards mass scale production. The scale of production changed significantly manufacturing geared up fast and industrial activities became a significant part of society. Industry was no longer merely a family activity constrained to four walls of house. But it had an independent role to play. Power driven and capital intensive manufacturing system changed the role of industrial activities. Industrial agencies were considered as pioneers in manufacturing industrial products and goods.

4 Book Name: Trade Association Management
Author: Delbert J. Duncan
Published year: 1953
5 http://www.wikipedia.org/
Mass scale production of different commodities has helped in extending and expanding markets, both in terms of territory and consumer size. Consumer base for different products increased giving scope to full scale industrial activities in different parts of the world. Europe was the pioneer in promotion of industrialization and establishment of different industrial units. Many activities leading to industrialization were given a boost due to rapid increase in profits, continuity in business expansion and advancement of various economic activities. The role of government as well as society has also changed. Formal class of businessmen, entrepreneurs and traders also came into existence resulting in new economic scenario. The relationships became more complex due to economic and profit motives involved in production activities.

Government intervention in production and manufacturing activities also increased. New concept of levies, taxes and duties came into force. Industry was found to be a new Pasteur for earning revenue for government and hence government started levying taxes on all these industrial units and activities. A new class of manufacturers gave birth to new agencies, new businesses, new agencies doing business, new sets of trading community, bankers, agents and brokers. An entirely different system of market and market mechanism also came into force. The relation between government and businessmen, between businessmen and society as well as between businessmen and their employees have taken a new form. The forms of business organization have also changed considerably. Now businesses are required to have a pioneering position in the society. Businesses became the principal generator of revenue, provider for development and major source of taxes and revenue for government. With change in relations and changing business conditions, the feeling of risk and insecurity gave birth to protection and consumerism. Initially it was the workers who came together. But traders followed the same path. The concept of workers union was more dominant. But prior to that there were associations of traders and merchants. There were many examples of memos and charters by traders association to the kings of different kingdoms in Europe. This was the primary form of trade association. These associations were pioneer to industrial society.

This was the origin of chamber of commerce.
3.7 Growth Phases of Chamber of Commerce:

A chamber of commerce has advanced its activities in a phased manner. It will be appropriate to sketch out a brief course of development of chamber of commerce. The developmental process can be divided in following 7 phases-

**Graph No. 3.1 – Phases of Development of Chamber of Commerce**

1. Employers association
2. Formal body of businessmen
3. Development during 19th century
4. Pre World War I development
5. Post World War I development
6. Development after 2nd world war
7. Post industrialization social development

**1. Employers association:**

Initially chamber of commerce came into being as a employees union. This was the phase of development where the chamber was considered as a union of owners who are fighting for acquiring certain select privileges and rights as employers and manufacturers. This was the phase when emphasis was given to growing size of business and creating a position in society.
2. **Formal body of businessmen:**

After establishing business organization in a formal manner and emergence of company form of business, many new ideas and issues encountered the business community. The first was how to protect the economy and business interest of businessmen. How the problems related with profitability, efficiency, productivity and resource exploitation can be rightly addressed. This issue became more prominent and many legislations and enactments were passed restricting trade and commercial activities. The traders needed a formal dais to fight for their rights and this dais came in form of formal well established association of merchants which came to be known as association of merchants. This association of merchants later on became chamber of commerce.

3. **Development during 19th century:**

With the development of new sources of energy, transportation and new means of trading, the limit to growth of trading and manufacturing activities started withering away. Export of manufacturing goods between two countries became a prominent business. The business of banking, insurance and stock market gained importance. This gave rise to rapid expansion of large scale organizations and enhancement of capital and manpower. The growing size of business added to risk and this demanded the formation of a formal and strong traders’ association, fighting for rights and protection of interest. The earlier traders’ association now became more prominent lobbying centres working for protection of merchants.

4. **Pre World War I development:**

Pre World War I development basically centres around changes in socio-economic sector and structures of economy. On one side Europe was adding many colonies. On the other side, domestic consumption and production were increased.

In the beginning of 20th century, world was growing very fast. Large scale business was the common feature of business expansion. The growth of business demanded a more aggressive, well fuelled and high powered trading culture. Chamber of commerce was instrumental in providing this kind of benefits to the business houses. This was the age of opportunities coupled with challenges.
5. Post World War I development:

The post World War I development was highly remarkable for chamber of commerce. Multinational companies, large public limited companies and huge manufacturing units were seen as icon of industrialization. This was the era of positive development and rapid business expansion, computerization and growth. This period became more important for chamber to register its identity as a representative and official dais for business houses. Most of the chambers have helped business houses in USA and Europe to grow and enlarge their activities.

6. Development after 2\textsuperscript{nd} World War:

The 2\textsuperscript{nd} world war can be rightly called as point of demarcation for many activities. Business is one such activity where significant changes were noticed due to changed socio-economic and geo-political situation. Today we consider 2\textsuperscript{nd} world war as a starting point of business institutions. Transnational companies, expanded markets, large environmental economic and banking institutions are few important issues associated with chamber of commerce. Chamber of commerce has helped to promote business possibilities on a transnational scale. Encouraged collaborations within and outside the country gave a new dimension to business i.e. social responsibility.

7. Post industrialization social development:

After 1960s, we have witnessed emergence of telecommunication, computerization, and internet as major change drivers. These drivers have changed the scope and possibilities of doing business. Connectivity has become the watch word and rapid transportation through systems and communication has become a reality. The communication revolution has created possibilities of connectivity at different levels and we consider this major revolution in the field of business connectivity. Today chambers of commerce are having connectivity at global scale due to internet and collaborations as well as collaborative projects have gained importance.
3.8 History of chamber of commerce:

The emergence and development of chambers and associations have to be understood in historical perspective. The pre and post-independence periods have to be sharply distinguished. The pre-independence period can be further conveniently divided into two: the first from 1833 to 1905 which makes it convenient for the discussion of the origins of modern chambers and associations started by the British and Indian businessmen respectively; and the second from 1905, when the Swadeshi movement had reached one of its peaks and the centralized activity of chambers and associations had begun to gather strength, to 1947, when independence was secured. The second part of the pre-independence period (1905-47) and the post-independence period (1947-76) have been treated in the next chapter. It is necessary also to note fundamental characteristics that had emerged before independence and continued thereafter. Further, chambers and associations evolved along with other institutions. One has to note the effects of political power on business institutions and the relationship between political and economic power. One has also to attend to the evolution of more fundamental business institutions than chambers and associations such as various types of enterprise organization and understand why unity among enterprises of different types was not easy to attain. In order to explain the emergence of chambers of commerce and associations, one must also know the background of traditional business and notice who the entrants were at various stages into the modern business class. Only by noting the condition and characteristics of these entrants can one understand the nature and coverage of the institutions that they established.

Development of Forms of Traders’ Association:

Initially the chambers of commerce were a small association of persons from a particular trade or business. However the complexities of business and multiple forms of industrial organizations became a reality of modern industrial world. This demanded different forms of Traders’ Union. From a small association for selling a product or marking a product, today traders’ association have grown in size and scope on a very high scale. At present, a chamber is an extremely formal and well established institution with multiple objectives and multifarious activities. Today’s chambers do not work merely at a local level. They have a global arena of functioning.
On account of historical factors, the chamber of commerce movement has not evenly spread in different states in India. Highly industrialized states like Maharashtra and West Bengal are better served by chambers of commerce. In other states, each capital city, no doubt, has a chamber of commerce but little progress has been made in establishing these bodies in the district towns. In Maharashtra and West Bengal, the district towns are now feeling the impact of the chamber of commerce movement since chambers have been now formed in most of the district towns in these two states. In the remaining states, many of the district towns do not still have chamber of their own. The reason why the chamber of commerce movement has made limited progress in the interior regions is that India is now gradually shedding its agricultural coat for an industrial one. With the industrialization of the underdeveloped areas, the chamber of commerce movement is bound to spread to the district towns also. Businessmen in the rural and semi-rural areas have found that they have now larger contracts with the different government agencies and have new problems to deal with. Chambers of commerce are, thus becoming indispensable for these businessmen as a necessary instrument through which they can voice their views and grievances before the government.

3.9 Mission of chamber of commerce:

The mission of chamber of commerce is basically to promote harmony, goodwill and cooperation. Without cooperation, trade cannot grow. Without harmony, economy cannot grow. Without harmony, economy cannot prosper. And without goodwill, mutual benefit cannot be shared. As such, like every other economic a societal institution, a chamber works on multiple scales. A chamber has a principal reason with trait of its existence which can be spelt out as growth and prosperity through cooperation and development. The basis of development of chamber is this proposition of cooperation.

The salient features of mission statement are:

A. Commitment to prosperity.
B. Growth through cooperation.
C. Union of traders.
D. Association for peace and prosperity.
E. Working for harmony and growth.
F. Creating a spirit of team work.
G. Contributing through combined efforts.
H. Working for total development.
I. Improving the general system of growth function.

**3.10 Vision:**

The idea of vision is indicated by how we compete and grow. Every organization works for growth in its own way. It requires a vision and a long term thinking to find out how an organization should develop its own vision. A vision provides direction for identifying means, develop approach, changes the way of solving problems. A good vision can help to penetrate and look through potential and future problems. It also helps to identify barriers, obstacles and challenges. A vision is like a navigator. It helps to sale through a turbulent weather. It also helps to grow without compromising anything. It is a way of succeeding, growing and surviving for every individual and organization.

**Graph No. 3.2 – Vision of Chamber of Commerce**

*Vision of Chamber of Commerce*
3.11 **Features of chambers of commerce:**

Chamber of commerce is a basically non-governmental organization with a specific goal. It is a voluntary association which helps various stakeholders to participate and contribute in trade and economic development. That presumption that government alone can contribute to trade development is not valid. It needs rethinking and revision. Many theorists, businessmen and industrialists have proved the merits and strengths of a liberal and open economy. A chamber of commerce is a representation of an open economy. It has many stakeholders who contribute for their own, business & societal development. How a chamber functions and what are its salient features? Is the question which needs to be rightly answered.

A few important features of chamber of commerce are narrated as under:

**A. Voluntarism:**

The principal feature of a chamber of commerce is its voluntary nature. Voluntarism means working with self will in an independent manner. Voluntarism helps in development of institution without any compulsion and coercion. Voluntarism results in creation of a favorable situation where each one participates in his own way. Today, voluntarism has become a powerful source in every walk of life.

**B. Societal approach to development:**

A chamber adopts a broader & societal approach for development. It means it considers development as a broad all pervasive process. It incorporates, adopts & accepts various activities related with developmental activities. It helps growth of trade. At the same time, it encourages growth of the economy. It directly as well as indirectly, visibly as well as intangibly puts forth the developmental activities. A chamber adopts a welfare approach to the growth process.

**C. Non-profit approach:**

A chamber does not work for making profit or attracting profitable opportunities. But it works for development of business agencies and economy at large. A chamber is usually a
performer of philanthropic and promotional activities. A chamber creates opportunities of profit. But it does not make profit out of it.

D. Catalyst of change:

A chamber is a catalyst of change. It brings in changes in the economy, market and business systems. It develops awareness and positive approach towards business. It helps to expedite positive changes, reduces conflicts, removes barriers and promotes a healthy trading culture.

3.12 Role of Chamber of Commerce in Economic Development:

The chamber of commerce is a principle association of traders. It has a major role to perform as a change agent and helps the traders and businessmen to take management decision by providing appropriate information. A chamber is a very useful institution that can identify potential business opportunities, reduces doubts and misconceptions about growth process, as well as helps in promoting a healthy business culture. A chamber of commerce can work for multiple promotional activities.

It will be impossible to imagine healthy economic development without chamber of commerce for following reasons-

A chamber plays the role of a liaison between traders and government. A chamber helps to link the planning process with industrial growth and expansion activities. The targets of a planning process cannot be achieved without right identification of opportunities, challenges and problems. The chamber works as a guide to traders and businessmen for identifying such opportunities.

3.13 Stakeholders of chambers of commerce:

The term ‘stakeholder’ is related with people associated directly or indirectly with an institution, agency, organization etc. A stakeholder is the one who has a direct or indirect interest
A person who is doing a business and a person who is influenced by a business decision is known as a stakeholder.

A brief sketch of stakeholders associated with chambers of commerce is presented here:

**Graph No. 3.3 Stakeholders of Chamber of Commerce**
From the above diagram, it is clear that a chamber has a connection with employers association, employees association, businessmen, brokers and brokers’ association, regulatory authorities, tax authorities, customers, local governing bodies as well as state and central government. Similarly a chamber is associated with international merchants’ association and other chambers and non voluntary organizations and association of environmentalists working for the economy.

3.14 Functions of chamber of commerce:

The chamber of commerce performs multiple functions to promote trade, industry and commerce. It has become an icon of modern business system. Most of the important activities related with economy and trade development are associated with activity of the chamber. A chamber is directly or indirectly responsible for economic development through multiple activities that it undertakes. Unless and until we have a sound and well developed economic system which is the result of proper coordination between different segments and stakeholders, the objective of economic growth cannot be achieved.

In order to expedite economic development, a chamber performs following functions-

1. To harmonize business relations.
2. To create right awareness about business and business community.
3. To develop healthy trading culture.
4. To create right awareness about business as a social institution.
5. To help business agencies and industrial undertakings.
6. To identify profitable opportunities.
7. To develop suitable techno-economic surveys this will benefit both- the government and business houses.
8. To promote collaborations at domestic and international level among various business houses, corporations and other associated business agencies.
9. To publish information regarding business opportunities and challenges.

10. To publish statistics regarding various facets of business community.

11. To publish techno-economic data whenever possible.

12. To work as a intermediary and conciliator.

13. To negotiate on behalf of traders, trading community and business community.

3.15 **New vistas of development:**

The chamber shall now have many new roles to perform. It is coming up not merely as an institution of traders or association of businessmen to protect business interest. It has many more multiple roles to play. A chamber now has become a representative of new age business because of its position, image and importance. It works in many ways. The growth of technology, development of liberal economy, creation of a new economic environment; has opened up many new vistas of extension, expansion and development of chamber of commerce.

1. Promoting right image about business community.

2. Development proper symbiosis between society and business.

3. Reducing bottlenecks in the growth of trade.

4. Improving relations between state and business.

5. Undertaking special market and economic surveys to know about the nature of competition and its impact on business success.

6. To identify various external factors influencing business environment.

7. To improve the chances of business success by proper risk identification process.

8. To create a positive culture of growth.
9. To make efforts to simplify administrative process. This will expedite the work to be performed by business houses.

10. To emphasize on extreme usage of information technology and networking services for bringing in more transparency, authenticity and reliability in the working of the business.

11. To promote ethical business practices.

12. To cultivate a spirit of honesty and ethical business practices.

13. To minimize the threats to environment and ecology by advocating green marketing and green business practices.

14. To encourage business houses to go for fait and healthy business systems.

15. To develop a pool of cooperation between consumers and the business.

16. To encourage healthy corporate governance practices.

3.16 Challenges:

Though the functions to be performed by chamber of commerce appear more philanthropic and healthy, still there are a large number of challenges before the chamber. A few such important challenges are narrated here-

1. Challenge of rapidity of change:

The business systems are changing very fast. Unless and until a chamber gives right realization of such changes to its associates, the possibility of business obsolescence is very high. This may also mar the chances of further growth of chamber.

2. Challenge of technological advancement:

Today the rate of technological advancement is growing very fast. As such many things that appear advance today may appear tomorrow. The rapid growth of technology has challenged many prevailing concepts has forced to change many business concepts. As such even the role of
chamber has also changed significantly. It will be appropriate for the chamber to understand the growing importance of technology, technical systems & technology driven ways of functioning. The chamber should adopt new technologies and also promote technically driven systems.

3. **Challenge of regulatory system:**

   Today we witness a paradox in economic system. On one side, many sections, systems and segments are liberalized. On the other, there is a consistent increase in regulatory framework. This paradox has forced many business institutions to rethink about the concept of liberalization as well as regulation. The chamber must try to maintain a balance between the two diagonally opposite forces. It should play the role of a conciliator and positive intermediary.

4. **Challenge of international competition:**

   At international level also, there is a continuous increase in diversified set of economic and trading forces. Many new institutions, economic organizations are interacting with each other. This interaction has intervened even at local and domestic level. The role, functions and act of domestic institutions like local chamber of commerce are also influenced due to these changes. It is a major challenge before these chambers that how it can find out a way to face this challenge and stand amid competition in a favourable manner.

5. **Challenge of Image Building:**

   The major challenge in front of chambers of commerce is to develop a positive image before the society especially in front of the citizens and communities not related with trading activities. The general opinion and image about institutions like chambers as an alien agency is important for the protection of business interest. Unless and until the chamber accepts more pro-people, proactive and social conscious role, it will not be able to establish a right image about chamber and its activities.

6. **Challenge of Corporate development:**

   Today the world is dominated by corporate agencies. As rightly said, only 200 major corporate agencies will have 80% of world resources. Corporates, due to their economic and financial strength can be instrumental in the development of the society. Chamber is a figurehead
agency that represents trading and business community. A chamber must create a favourable opinion about corporate agencies before the society.

7. **Challenge of Cultural development:**

Chamber though an economic institution, however can positively contribute towards cultural and social transformation of the society in which it works. Today recreation, entertainment, art and culture; all have a business and economic impact. How effectively a chamber performs the function of protection of art and culture in business agency is a major challenge.

8. **Challenge of Fund management:**

Chamber is now playing the role of custodian of resources of its business associates. Therefore the chamber should take the assistance of its member companies to manage its funds in an appropriate manner so that it can undertake various activities of social concern and large public interest.

9. **Challenge of Crises of member’s confidence:**

Due to multiplicity of roles and restricted availability of funds, the chamber is unable to do justice to many of the expectations of its members. It appears that there is a crisis of confidence due to limited and non-performance of many of the activities as expected by the members. It is the prime duty of the chamber to fulfil the aspirations of the members. As such it must undertake activities of general as well as special interest of members.
Some chambers like the Chamber Of Commerce at Vizianagaram have wider objectives of helping “to develop fine arts such as painting, acting, music, etc., and to open and to maintain and run public museums, galleries of painting and other works of art and collect and exhibit engineering and scientific inventions, instruments and designs etc.” The Ganjam Chamber of Commerce in Orissa also provides for “promotion of literature and arts and to provide a library of books and publications of general interest.”

The newly established Greater Mysore Chamber of Commerce has restricted its objects only to the promotion of industry in the state; trade is excluded.