Chapter I

NATURE AND SCOPE OF THE STUDY
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1.0 Introduction:

A comparative study chambers of commerce play a vital of a country. They work for promotion and development of a healthy image of trading agencies, create a favorable climate for trade and offer an aim for interaction with non trading communities. It also works as a platform to put forward grievances and problems of trading and industrial houses.

A country cannot prosper unless and until chambers of commerce work in proper manner. It is essential that this agency should come toward for positive association, explore opportunities of growth and improve trade relations.

The term chamber of commerce is now well established in business sphere. There is hardly any country where a chamber of commerce is not functioning. It will be difficult to imagine economic development thinking of chamber of commerce. A modern chamber of commerce is no longer merely association of traders to address their problems. But it has become much more than that. It is an institution- usually non-governmental and voluntary, that works for economic and trade development in a particular country. The basic challenge for any economy is to identify trade and economic opportunities and make the best for them. Furthermore when it comes to economic development, the issue is not merely associated with trade and economic development, but identifying how new areas of growth can be encashed and how growth process can be further developed. There are some challenges in developing a right business culture as well as identifying factors that can harmonize the trade relations.

The distance between government and business is mainly because of divergent views and attempt to fulfil objectives which are not exactly complementary to each other. The focus of business organization is merely on identifying profit making and growth oriented opportunities whereas the focus of government is to encourage total developmental process. As such there is an element of conflict due to difference in objectives, approach and priorities. Harmonizing and
synchronizing these objectives, reducing the chances of conflict as well as improving the relation between divergent factors require a common pool of institutions- the institution that will work as a liaison and promote symbiosis. This job is performed to a great extent by chamber of commerce and therefore a chamber of commerce can be rightly called as an important intermediary and principal agency responsible for building bridge of cooperation between government and the business community. In this study the researcher is making an attempt to find out the key issues associated with development of chamber of commerce and its role in economic and trade development in India.

1.1 Statement of the problem:

The present era is rightly termed as era of economic growth and cooperation. It is not possible to develop the trading culture and appropriate trade practices without developing a sound system of trade promotion and growth.

A nodal agency working for trade can help the industries and trading and business communities to enhance the scope of their activities. It can promote a desired culture that can advance trading and industrial activities promote trading culture as well as offer opportunities to explore growth potential.

From this point of view role of chambers of commerce is important and useful. In developing country like India chambers of commerce play multiple roles. They are the pivotal agencies for growth, development, cooperation and promotion of different trade related activities. Unless and until chambers offer a right platform for dialogue to grow between treading and traders. Traders and government as well as National and International agencies trade and economic activities cannot be properly advanced. Hence the researcher has selected topic titled “Role and functioning of chamber of commerce in India: A study” for the present research.
1.2 Relevance of the study:

A chamber of commerce is a professional affiliation of local businesses, often associated with other civic organizations such as the visitors and Tourism Bureau. Membership in a chamber of commerce is generally voluntary, although most local businesses find strength in numbers. The chamber of commerce does not have a watchdog function over its membership. However it is not associated with the Better Business Bureau\(^1\). There are local, state and national chamber of commerce with members ranging from small ‘mom and pop’ stores to major corporations.

The first chamber of commerce was most likely stated during the late Middle Ages, as various guilds sought protection and promotion through unity. A chamber of commerce in Scotland has been in continues service since the 1780s. There is no legal mandate or government’s service since the 1780s. There is no legal mandate or governmental sponsorship of a chamber of commerce. There is some interconnectivity between local, state and national chambers of commerce, although each chapter remains relatively autonomous.

1.2.1 Academic relevance:

*It is a judgment made by the academic reader with regard to the content of the paper, and comments are usually framed negatively*\(^2\) The present study shall be helpful in many ways. To further the understanding about role of voluntary institution, like chamber of commerce in economic development. This study shall help in promoting appropriate culture of growth in modern business. This study shall be of a great use in understanding the driving forces and principles to govern institutions like chamber of commerce.

1.2.2 Research relevance:

Chambers of commerce has a history of more than 150 years in India. How these institutions have worked in Indian context? What are their objectives, functions and purposes? can be rightly understood if one understands the systems, mission, vision, and objectives of chamber of

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\(^1\) The Better Business Bureau (BBB), founded in 1912, is a nonprofit organization focused on advancing marketplace trust

\(^2\) The University of Western Australia defined
commerce. From this point of view, the study is of great use to know about the functioning of chamber of commerce and its prevailing practices. It will also help to understand the strengths and weaknesses in the present system and functioning of chamber of commerce. It shall throw light on the areas where a chamber can contribute positively and how it can enhance the growth process.

1.2.3 Policy relevance:

This study can also help to know what the important aspects of functioning of the chamber are, what challenges are faced by chamber of commerce and how the chamber can resolve the critical issues it is presently facing.

History:

The *International Chamber of Commerce*[^3] was founded in 1919 to serve world business by promoting trade and investment, open markets for goods and services, and the free flow of capital. The organization’s international secretariat was established in Paris and the ICA’s International Court of Arbitration was created in 1923.

ICA’s first chairman was Etienne Clement. In June 2008 the world council elected Victor K. Fung as chairman of ICC, Raja Gupta as Vice – Chairman and Marcus Wallberg as Honorary Chairman. In June 2009, Jean Rozwadowski was elected Secretary General by the World Council.

1.3 Objectives of the Study:

The present research is conducted with following major objectives:

1. To understand the role, duties and contribution of chamber of commerce in India.
2. To identify the areas of contribution a major activities of development under taken by chambers in the states under study.
3. To evaluate performance and contribution of chambers in terms of achievements initiatives and advancement in different sectors.

[^3]: [http://www.iccwbo.org](http://www.iccwbo.org)
1.3.1 Justification of the Objectives:

The minor activities undertaken of the present research are:

a. To identify activities undertaken by chambers of commerce in India.

b. To know about special areas of trade advancement by chambers of commerce in India.

c. To list out programmers and polices of chambers of commerce in India.

d. To evaluate special efforts made by chamber of commerce in India to faster economic development.

1.4 Statement of Hypothesis:

The present research is centered in the theme that for rapid, balanced and positive Economic and trade growth chambers of commerce play a vital role. From this point of view following hypothesis laid down.

1) It is assumed for the purpose of present study. (Chambers of commerce help in promoting trade advancement by offering innovative and varied ways of interaction and dialogue between trading and other communities.

2) It is accepted that, chambers of commerce in India having a healthy approach towards growth. They are providing opportunities, state form and programmers for interaction a growth of trade related and allied activities.

3) It is believed that, the contribution of chambers of commerce towards, develop number of economic relations is positive and satisfactory.

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4 Book Name : Research Methodology : An Introduction
Author : Wayne Dean Goddard, Stuart Melville
Publisher : Juta and Company Ltd
Year : 2004
1.4.1 Justification of hypothesis:

The hypothesis set for the study can be justified as follows:

Justification of Hypothesis 1:

The hypothesis stresses on the role of chamber of commerce in promoting trade and economy. It is necessary to identify the factors that help a chamber of commerce to work as an intermediary between economy and society, economy and government, chamber and other related stakeholders. The researcher believes that because of its positive approach and appropriateness of defined role, a chamber can contribute in multiple ways for development of trading systems, trading community as well as for promoting interest of the stakeholders.

Justification of Hypothesis 2:

The modern chamber of commerce helps to promote various activities related with the growth of trade, industry and economy. It works as a liaison, figure-head, intermediary and conciliator. It offers potential opportunities of trade development on one hand and development of an appropriate trading culture on the other. It helps its associate members to enhance their business as well as it helps the government to increase the scope of its economic activities. Thus the chamber satisfies the requirement of both the sectors of society.

Justification of Hypothesis 3:

The role of a modern chamber of commerce is no longer militant in nature. On the contrary, it has become both- ministerial and developmental in approach. There are various issues associated with developmental process. It is necessary that the chamber should correlate these issues in a logical manner so that all the stakeholders are properly been benefitted. The role of a modern chamber of commerce is promotional, developmental and image maker. As an institution, it promotes trading and economic opportunities for its members. As a benevolent organization, it contributes in economic development. As a voluntary association; it works to
develop a positive image of its associate members which may include the traders, industrialists and other such members. Hence this is important.

1.5 **Research Strategy**: 

The research strategy for the purpose of study is set in the following manner:

1. To examine the nature of the study to be undertaken.
2. To identify the factors influencing the core areas of the study.
3. To focus on the key issues associated with chamber of commerce.
4. To examine the extent of achievement and contribution of chamber of commerce.
5. To identify the salient features of functioning of chamber of commerce.
6. To enlist the limitations in administration, governance and function of chamber of commerce.
7. To mark out measures to improve the functioning of chamber of commerce.

1.6 **Research questions answered:**

In this, the researcher has highlighted following key areas where the enquiry shall be conducted:

Q.1 As a non-governmental voluntary organization, how a chamber of commerce functions?
Q.2 What is the role of chamber of commerce in modern trading and business system?
Q.3 What exactly is the nature of contribution of chamber of commerce towards economy and business development?
Q.4 How the members of chamber of commerce look at prevailing functioning of chamber of commerce?

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5 A *research strategy* is a plan of action that gives direction to your efforts, enabling you to conduct research systematically rather than haphazardly.
Q.5 What is the opinion of stakeholders towards the role and application of chamber of commerce?

Q.6 What are the limitations in prevailing systems of functioning of chamber of commerce?

1.7 Research approach:

In this research, the investigator has focused on following principal areas-

1. To collect information regarding the general system of working of chamber of commerce.

2. To know about the vision, mission and goals of chamber of commerce.

3. To identify the principal objectives and thrust areas of chamber of commerce.

4. To enlist the activities which the chamber undertakes to fulfill its objectives.

5. To examine the impact of functioning of chamber of commerce on business systems and business community.

1.8 Working definitions of terms used:

1. Chamber of Commerce:\[6\]:

A principal agency working for promotion of trade, commerce and industry in the country, that strives to promote interest of the industry and cultivate healthy economic and trade system.

2. Trade associations:\[7\]:

It is voluntary organization that works for promotes of trade commerce and industry, to protect their interest and work for general development of trade.

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\[6\] Definition from Book Name: *Chambers of Commerce in India* Author: Namjoshi & Sabade Publisher: Shubhada-Saraswat

\[7\] Definition from Book Name: *Trade Association Management* Author: Delbert Dunken Published in year:1953
3. **Trust**: 

The “trust” name refers to the ability of the institutions trust department to act as trustee – someone who administers financial assets on behalf of another. The assets are typically held in the form of a trust, a legal instrument that spells out beneficiaries and what the money can be spent.

### 1.8.1 Universe, Population and Sample:

**Universe**: 

The term universe for the purpose of the study is confined to India and covers all trade associations, merchants association, voluntary institutions promoting trade and economic activities as well as interest of traders and businessmen. As such, the universe for the purpose of study includes:

- a. National level chamber of commerce.
- b. State level trading associations and chamber of commerce.
- c. Sectoral chamber of commerce.
- d. Specialized chamber of commerce.
- e. Local trade associations and merchants associations.

**Population**: 

The exact details as to the number of trade associations, merchants association, sectoral associations and chambers of commerce are not properly documented. There is a great divergence in terms of number of registered associations working for promotion of traders and businessmen’s interest. However, the researcher has made an attempt to enlist different types of trade associations and there signs from internet which is presented below-

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8 http://dictionary.reference.com/browse/trust
9 Book Name : Research Methodology : An Introduction
Author : Wayne Dean Goddard, Stuart Melville
Publisher : Juta and Company Ltd
Year : 2004
Table No. 1.1 - Universe and Population

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Type of Chambers of Commerce</th>
<th>Estimated Population</th>
<th>Proposed Population</th>
<th>Final Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>National Level</td>
<td>36</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>Federations</td>
<td>04</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>State Level</td>
<td>84</td>
<td>20</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>Regional Level</td>
<td>396</td>
<td>40</td>
<td>10</td>
</tr>
<tr>
<td>5</td>
<td>Local Level</td>
<td>2851</td>
<td>40</td>
<td>10</td>
</tr>
<tr>
<td>6</td>
<td>Specific Body Corporate</td>
<td>18</td>
<td>4</td>
<td>2</td>
</tr>
</tbody>
</table>

1.9 Sources of data collection:

Considering the nature of the study the researcher shall collect data from following sources:

1.9.1 Primary Source: This shall include information that shall be collected from chamber officials, trading agencies and embassies sources shall be used.
   a) Official publications of chambers
   b) Information gathered from different official of chambers.
   c) Basic sources from the officers of concerned agencies.

Justification of primary sources\(^{10}\):

The researcher has used different primary sources as enlisted above. These sources can be justified with the help of following explanation:

The data regarding function and mode of conduct of business of chamber of commerce can be acquired only from the official websites and registered offices of the chamber. The publications, circulars, memos, in-house magazines are considered as in-house primary sources. Most of the chambers have maintained a directory of members, documents regarding their activities. These documents, annual reports and other such reports, notices and circulars are also considered as primary data. This research has a 2 tier level of activities. As such, the data collected from office bearers, members and stakeholders is considered as primary data.

\(^{10}\) The act, process, or state of being justified of Primary sources by researcher
1.9.2 **Secondary Source:**

This shall be collected by using a verity of sources. These sources shall include.

a) Publication  
b) Resented reports  
c) Trade directions  
d) Economic and trade statistics  
e) Online recourses books, journals

**Justification of secondary sources:**

A variety of secondary sources are used by the researcher. These sources are listed above. The reason for using these sources is obviously clear. The secondary data helps in acquiring useful and supplementary information as to the functioning, performance and contribution of chamber of commerce to economy and trade development.

1.10 **Methods of Data Collection:**

For the purpose of the present study following technique of data collection shall be used.

1. Questionnaires: This shall be used to collect basic and fact related information from the official of chambers in India.

2. Interview Schedules: This shall be used to know opinions views of the officials of chambers and trading managers.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Class of Respondents</th>
<th>Nature of Data collected</th>
<th>Type of techniques used for analysis</th>
<th>Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Office bearers form chambers</td>
<td>Basic information</td>
<td>Interview</td>
<td>To collect basic data</td>
</tr>
<tr>
<td>2</td>
<td>Stakeholders</td>
<td>Opinion about role of chamber</td>
<td>Questionnaire</td>
<td>To know the views &amp; ideas about chamber of commerce</td>
</tr>
</tbody>
</table>
1.11 Techniques of Analysis of Data:

The data so collected by using various statistical and other analytical techniques, for empirical and trend related data statistical techniques like mean, mode etc. shall be used. For comparative numerical data standard deviation and regression analysis shall be used.

1.12 Scheme of the Report:

The research report shall be presented in a schematic form as follows:

<table>
<thead>
<tr>
<th>Chapter No.</th>
<th>Chapter Name</th>
<th>Particulars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Nature and Scope of the Study</td>
<td>This chapter shall deal with basic concepts, problem statement and research methodology of the study.</td>
</tr>
<tr>
<td>2</td>
<td>Chamber of Commerce – A Historical Review</td>
<td>This chapter shall discuss growth and development of chamber of commerce since its incitation world over.</td>
</tr>
<tr>
<td>3</td>
<td>Chamber of Commerce in India: A Status Report</td>
<td>This chapter shall explain the present status scope and activities of chamber of commerce in India.</td>
</tr>
<tr>
<td>4</td>
<td>Analysis and Interpretation of Data</td>
<td>The data so collected by way of research shall analyze and interpreted in this chapter.</td>
</tr>
<tr>
<td>5</td>
<td>Actual Data Collected</td>
<td>In this chapter the research shall by to grow impact of chamber of commerce on trade, economy and society by way actual data collected.</td>
</tr>
<tr>
<td>6</td>
<td>Conclusions</td>
<td>The research shall draw appropriate conclusions based on the empirical data and its interpretation for the purpose of this study.</td>
</tr>
</tbody>
</table>
1.13 Summary:

In this chapter, the researcher has dealt with various aspects of research methodology and has narrated principal issues related with research objectives, hypothesis, and relevance of the study. The purpose of the chapter is to understand the basic research setting and approach of the researcher.