CHAPTER X

SUMMARY AND RECOMMENDATIONS

In this Chapter, it is proposed to review important facts relating to chambers of commerce and trade associations in Maharashtra brought forth by the analysis attempted in the preceding chapters. An attempt is also made in this Chapter to present a blueprint of possible reorganisation of the business associations. Efficient and maximum use of chambers of commerce and trade associations in the economic and industrial development of the State sets the appropriate perspective to the entire discussion in this Chapter.

It is not implied here that the analysis of a one year data obtained from these associations can provide sufficient background for drawing general conclusions of wide applicability. Nevertheless, the data collected for this report and the personal discussions carried out with a number of persons, connected with the business associations reveal some interesting facts. These findings and the personal experience of the author in this field for more than twelve years are, it is hoped, adequate to attempt to draw certain conclusions about these associations. These conclusions, however, are restricted to the associations in Maharashtra State, though the possibility of them being equally valid in other states or regions cannot
10.1 Important Conclusions

Historically, these associations have played an important part in the economic development of a region or in the evolution of a particular industry. Mention may be made here of the pioneering part played by the organisations like Bombay Chamber of Commerce and Bombay Millowners' Association regarding collection of import export statistics, establishment of usage and custom of the Port of Bombay, organisation of services like weighment and measures at the port, labour advisory services, etc. Some organisations like Indian Merchants' Chamber and Indian National Steamship Owners' Association tried to protect the interests of indigenous industries against foreign domination. These and many other associations took directly or indirectly active part in the freedom movement of the country and tried to assist the movement in the way they could. Many of the associations have actively participated in a variety of social work such as flood relief, famine relief etc. and they have been instrumental in establishing many institutions such as schools, colleges, hospitals, professional associations, charitable institutions, research organisations etc.

Though some of these associations are in existence for a number of years, majority of these organisations have
been established after Independence. The growth of many of the older organisations was also more pronounced during the last twentyfive years.

As regards the regional distribution of these associations, quite a large number of them are located in Bombay. Moreover, the associations at Bombay are better organised, they have larger resources and the services rendered by them are also varied.

In case of organisations located outside Bombay, they have limited resources, in most cases they are poorly equipped, and in a large number of cases they are mostly local associations with local membership. Of course, there are notable exceptions like Mahratta Chamber of Commerce and Industries, Poona Press Owners’ Association, Ichalkaranji Powerloom Weavers' Cooperative Association, Vidarbha Industries Association etc. Generally the industry associations seem to be better equipped and better organised than the trade associations.

As regards the services offered by these associations, a majority of them work as mere grievance bodies and they take up the difficulties and problems of their members with
field of labour, statistics, marketing, training etc. Many of the associations produce a long list of common services offered by them. But really speaking very few of them are capable of offering such services. They have neither the competent staff to offer such services nor their limited financial resources permit them to go beyond a point. The organisations which stand apart in this field are cooperative research associations, export promotion councils and to some extent, the local productivity councils.

Majority of the associations have poor finances. In most cases membership subscriptions are the only source of their income and very few associations have made attempts to create other sources of revenue. The financial assistance from the Government to these associations is totally absent except in case of export promotion councils, cooperative research associations and local productivity councils. Generally those associations which have entered into various common services and are collecting fees for such services have larger resources. Some have developed larger income sources by entering directly into marketing of particular products.

The staffing and organisations of associations also offer scope for improvement. In the case of a few associations, where member-firms are themselves prepared to give
considerable time and effort to associations business, it is possible to have a live organisation with a small staff, but as a general rule, the quality and range of an association's work is a direct reflection of the calibre and number of the staff permanently engaged in its affairs. Though majority of associations covered in our survey have independent office of their own, most of them are very poorly staffed. The collective representation and economic information do not need a large staff and it is only when the association renders common services many officials are required to run these services. But since many associations were working as mere defence mechanisms and had organised common services just for namesake, their offices were poorly manned and in many cases they did not have qualified staff.

Since there is no social regulation of associations or chambers of commerce, one finds a multiplicity of these organisations in the same region or in the same industry. For instance in Vidarbha we find several chambers and associations like Vidaroha Chamber of Commerce, Nag-Vidaroha Chamber of Commerce, Nagpur Chamber of Commerce, Vidarbha Industries Association etc. All have more or less same aims and objects and since the geographical jurisdiction is not decided in many cases their membership is common and overlapping. Same is the case in Bombay where we find Indian Merchants' Chamber, Bombay Chamber of Commerce,
Maharashtra Chamber of Commerce, and several other smaller organisations. In Engineering industry, there are two associations viz., Indian Engineering Association and Engineering Association of India. In the sugar trade there are about half a dozen associations, automobile industry has two associations, timber trade in Bombay has two associations, the retail trade in Bombay has about 12 associations, Iron and Steel Scrap trade has six different associations, Paint Industry has two all India associations, the Indian Film Industry is organised through 23 different associations and so on. In many of these associations of the same trade or industry, several attempts were made to merge different associations. But so far there is not a single instance where these efforts have succeeded. In case of engineering industry a liaison committee has now been established of the two associations and common problems are taken up jointly. This multiplicity is as a result of historical reasons because similar organisations were created by foreign interests as well as Indian interests. Many times a group succeeding from the main association has also created a parallel associations. Sometimes there are personal reasons too. But because of this multiplicity no single association is strong enough and can claim to be truly representative of the whole industry.

The multiplicity of the associations is because all industry or trade is not homogeneous. For instance in the
same industry there are large scale manufacturers as well as small scale manufacturers. In the same trade, there are wholesalers, semi-wholesalers and retailers.

Emergence of newer associations indicates that businessmen are forming new splinter groups and whenever there is a feeling that their interests are not properly looked after, a new association is created. The multiplicity of associations therefore indicates certain amount of cleavage between different industrial groups. Then there are sectarian interests and we find individuals or organisations belonging to a particular community like Sindhi, Marwari, etc. or particular language groups like Marathi, Gujarathi etc. dominating a particular organisation. In fact we find some of these organisations named after a community like Marwari Chamber of Commerce, Sindhi Chamber of Commerce, etc.

1 Recently the small machine tool manufacturers in Batala in Punjab formed a new association belonging to common industrialist and it was called 'Janata Association'. This was done because they felt that they were neglected by the elite of existing industry associations - Bhagwan Prasad, Machine Tool Industry in the Small Scale Sector of Punjab, Small Industries Extension and Training Institute, Hyderabad, 1971, p. 85.

2 Organising business associations according to the community is not only in our country. In some European countries also we find similar associations. For instance, in Netherlands employers' and employees' organisations are based on religion viz. The Catholic Federation of Employers' Associations, The General Catholic Employer's Unions, the Union of Protestant Employees etc. - G.C. Mohapatra, The Pattern of Chambers of Commerce and Industrial Associations in Foreign countries, unpublished article, 1965, p. 6.
Again the associations are created for personal reasons and to meet a temporary cause. But the associations do not die easily and often a body formed for one purpose continues in pursuit of other objects. The number is thus multiplied.

The membership base of many of these associations is very narrow. In very exceptional cases we find hundred percent membership of a particular trade or industry in an association. Otherwise in most of the cases though the association claims to represent the entire industry or trade, it, in fact, represents only a section of such trade or industry. For instance in Bombay, there are more than 8000 factories and an equally large number of business firms. But no chamber in Bombay has more than 2000 members. In Poona there are more than 1500 industrial units while the Mahratta Chamber has only 660 members from Poona. There are about 800 manufacturers of diesel engines in the country, while the Indian Diesel Engine Manufacturers' Association has a membership of 77 only. Similar is the case with many of the associations.

It is generally found that the large business houses or large industries are in the membership of a chamber or trade association, while there is an apathy among the small scale industries or small traders and retailers to join their associations.

The Chambers of Commerce and Trade Associations are
so far known as champions of private sector. This is because they had membership only from private sector and they always pleaded before the Government the case of the private sector. Moreover there was a resistance from the public sector undertakings to join such associations. These things have not changed completely. But we now find many public sector undertakings in the membership of these associations. Even now, with some exceptions, their participation in the affairs of the association is not much and thus most of these associations still continue to be the spokesmen of private sector.

As regards the relationship between the associations and the Government, there is a system of Government recognition of these associations. At present this recognition enables an association to receive all public notices of the different Government departments - Central as well as State - free of cost and to get representation on various public bodies and consultative committees. Though the Government examines whether the association truly represents the industry or trade before giving recognition to an association, there are no hard and fast rules made for giving such a recognition. It is not difficult for an association to get such a recognition if it presses its claim. For many associations recognition is no hurdle as long as their field of operation is limited and Govern-
ment listens to its representations. Generally the larger bodies are given representation on various advisory committees like railways, port trust, customs, excise, sales tax, income-tax, posts, telephones etc. Sometimes the Government does not give representation to any association. Nominations are invited by different associations and final selection is made by the Government. Apart from these advisory bodies, the associations hardly play any important role in the policy making of Government. It is no doubt they are consulted sometimes. But such occasions are very rare. It is only in the case of Indian Cotton Mills Federation we can say that there is some amount of direct participation in the policy making of the Government. They have established very close contact with the office of the Textile Commissioner and they are associated with many decisions or consulted beforehand on all matters pertaining to textile policy.

The export promotion councils, cooperative research associations and local productivity councils present a useful area of Government and industry cooperation. They get financial assistance from the Government, guidance from the Government and many of their internal policies are also decided by the Government. Export Promotion Councils also enjoy certain powers of recommending applications for import entitlements, cash assistance, etc. They are also closely associated with the policy making of the
Government in the field of exports. They enjoy more or less a semi-official status. Thus these three organisations present a useful area of Government and private industry collaboration.

In case of chambers of commerce, since they represent all economic interests in a region, they have to deal with a variety of subjects concerning different industries, trade etc., while the trade or industry associations are specialised bodies dealing with problems in their own area of operation.

10.2 why organisations join the associations

If the associations have poorly equipped offices, and meagre resources and if they are not offering common services to their members the question would be why the industries and business houses join these associations at all. It would not be true to say that all associations are inactive. There is in fact a wide range of variation in these associations - from the most active to dormant ones. But even within their own limitations of finance, manpower etc. it must be said that many of these associations have been doing good work in their respective fields.

But it cannot be denied at the same time that at present the tendency is for too many business concerns to regard associations primarily as defence mechanisms rather than agencies capable of providing or helping to organise services of positive value to every day business.
A trade association is often a sort of club, which it is good form to join. Many firms which have little genuine interest in the affairs of the association, do not resign from the membership. To belong gives a firm a feeling of respectability, of being in the group and not outside the group. Subscriptions are often negligible as far as a firm is concerned and are paid out of some kind of industrial patriotism. This feeling of belonging to a group is also accompanied by a sense of security derived from the membership. Although his firm is not getting anything of value at the moment from the association, a business man may feel that it is there in case of need and that he ought to help keep it in being as a standby.

There are also social pressures. Where industries are regionally concentrated, an industrialist who remains outside the association is known as a non-member and a non-supporter of collective effort in the community and in the circles in which he lives. Hence if there are no positive disadvantages, a businessman would prefer to be in his association rather than out of it.

When the members regard associations as mere defence mechanisms and expect no concrete services from them, it is difficult to sustain the interests of members in the activities of the association. The result is apathy of members and though it is not a problem with all associations, it can be said that the great majority are troubled by it to same degree. There is a poor response to its circulars
and very few participate in the various activities of the association. Many of its members are dimly aware of such associations and they remain members through inertia rather than active interest. The danger is that this may lead to a lack of appreciation of the useful work being done and its importance. These firms are likely to regard association subscription as unnecessary if they should at sometime be faced to reduce their expenditure.

Therefore in order to keep sustaining interest of members it is necessary for the associations to undertake a wide variety of services and it is in these instances that firms are likely to regard membership of such associations as a real aid to the conduct of their business. It would not be too wide off the mark to argue that the extent to which the member-firms know and make use of the services provided is one of the best measures of the associations' effectiveness as common service agencies.

10.3 Need For Reorganisation

The foregoing analysis emphasises the need for reorganising the existing pattern of associations. There is a need to improve their finances, make these associations really representative of the industry, trade or region they represent, improve their staffing and organisation and turn them into common service agencies from their present nature of working merely as grievance bodies.

It is true that there has not been any collective
thinking on the pattern of reorganisation of these bodies. But individually many associations have been making attempts to reorganise themselves to meet the demands of new situation. For instance, the All India Manufacturers' Organisation during the last few years has been discussing in its quarterly meetings the need for reorganising the organisation, need for improving finances and services rendered to its members, streamlining the work in the office etc. Indian Engineering Association had entrusted the work of its O and M study to a business consultancy firm. The firm, in 1971, conducted a survey of its members with the following specific objectives:

(a) to measure the interest of members in the Association
(b) the extent of IEA Services presently used by members
(c) the additional services desired from IEA
(d) comments on IEA organisational structure

On the basis of the findings by this firm, the IEA is being reorganised now.

Similarly the Indian Banks' Association had appointed a reorganisation committee in 1971 to examine the future set up, activities and functions of the Association in order to make it a more useful and effective organisation. The committee has made an exhaustive report on the activities and services rendered by the Association, increase
in its membership, staffing requirements, need for premises, improving the finances, amendments to the existing constitution, registration, etc. These recommendations are now being implemented by the Association. In December, 1971, a seminar was convened by All India Association of Industries where deliberations took place on business and business associations in the changing environment.

These are all sporadic attempts and though individually some attempts are made here and there to reorganise the activities of the business associations, it would not be wrong to say that most of these organisations continue to work in the same old pattern. There is no doubt that there are notable exceptions, but the general pattern continues to be the same. During the last twenty-five years, after Independence, Government has created many institutions like Small Industries Service Institute, Maharashtra Industrial Development Corporation, State Industries and Investment Corporation of India, Maharashtra Investment Centre, Maharashtra Small Scale Industries Development Corporation, Regional Development Corporation for Vidarbha, Marathwada, Western Maharashtra and Konkan etc. Some of the functions performed by these organisations could have been very well performed by the business associations if they were really strong well knit region based associations. Moreover the associations have taken it for granted that these functions were to be rightly performed by the
Government and they did not realise that some of their functions are really being taken away by these bodies.

In contrast to this, it is interesting to see the alertness of similar associations in other countries. For instance one can see the reaction of the Leeds Chamber of Commerce and Industry U.K. to the recommendations of the Bolton Committee on Small Firms to the Government "to set up Advisory Bureaux to watch over the interests of small firms, to study their needs and to ensure that they have in all circumstances a fair crack of the whip."¹ The Leeds Chamber has taken objection to this recommendation as it feels that it along with the other chambers of commerce throughout the country already are doing precisely this work and the implementation of the recommendation would only result in the duplication of efforts. The Chamber did not only criticise this recommendation but decided to throw open its services to all firms immediately irrespective of whether they are members or non-members. We hardly find this sort of farsightedness and alertness in our associations.

If we look to the developments, institutional changes that have taken place during the last 25 years, one cannot help but feel that our business associations have lost many opportunities of enlarging their services. Either our

associations were too weak to take up this responsibility or they were too much engrossed in the criticism of Government policies and action and forgot of cooperating with Government to undertake some of these functions. Of course it is not intended to suggest that all these functions could have been undertaken by these associations. But at least some of them could have been undertaken by these associations with an advantage.

10.4 Plan of Reorganisation

Any plan of reorganisation of these bodies must consider all the aspects of associations - their organisation, finances, activities, cooperation with Government, their social obligation etc. The suggestions also need be practical so that without difficulty it should be possible to implement them. The various suggestions for reorganisations are considered in the following paragraphs under the following broad groups:

(a) Cooperation between Government and Associations in promoting and coordinating economic and industrial development.

(b) Possible direct services which can be rendered by these associations to trade and industry and to the community.

(c) Organisational problems and

(d) Sources of revenues to finance the activities of these associations.
10.5 Cooperation between Government and Association

The basic policy of chambers and trade associations is to strive for the development of trade, commerce and industry. Before Independence, this policy had a different concept, but now in the changed political and economic set up, this old concept should have changed - and it has, but not to the desired extent. In other countries these organisations have played very important role in the economic development of their country.¹

Unfortunately, in our country, the importance of such organisations was not recognised after Independence. Instead of focussing their energy and attention on giving a new lift and face to the economy of the country, the accent has been on efforts to concentrate the attention of these business associations on the various hardships and grievances of trade and industry that were the results of haphazard and defective planning, labour troubles and scarcity of material, various curbs and restrictions on production and expansion and unbearable taxation burdens, along with the never ending controversy of private and public sectors and nationalisation of various trading and productive activities. This continuous criticism of

¹ "The Chambers of commerce in general play a leading role in developing industry and commerce of a country. The experience we have had in our own country after the Second World War, when we had to build up our economy literally from scratch, was in itself an ample proof that the success we achieved would never have been possible without the sustained and imaginative work on the part of our chambers of commerce and industry" - Mr. Heniz Hermann, Charge de Affaires of German Embassy - Speech Before U.P. Chamber of Commerce in 1965."
policies resulted into an atmosphere of mutual distrust and a spirit of cold war prevailed between government and the business. This had also another effect of turning these associations into mere grievance bodies. Had not these associations been burdened and confronted with such domestic problems, their dynamic energy would have been transmitted to other useful functions in the field of development of industries, construction of industrial estates, promotion of export trade, publications, exhibitions and trade fairs etc.

Since the Government as well as these associations have a common objective of economic development of the country, it should not be difficult to bring them together in an atmosphere of mutual cooperation. This objective can be better facilitated if there is a frequent dialogue between representatives of these business associations and spokesmen of Government on all matters affecting business and industry. Such a dialogue will lead to a better appreciation of the objectives which guide Government's policy measures and also help induce a better understanding of the point of view of business and industry on the various aspects of policies and measures taken thereunder. Such a dialogue can be followed by positive action on both sides on agreed points. Neither vilification of industry or trade inside or outside legislature, nor legal action, nor unilateral decisions, nor propaganda on the platform
and the press is a worthwhile substitute for such discussions.

The close association of practical businessmen with policy making as well as with different official organisations of the Government will be of great advantage. Businessmen are not just theorists but are persons who have an insight for the practical formulation of economic policies and their effective implementation. Secondly, their participation would also help to keep political considerations aside as many times they are likely to distort Government's reasoning. The Government of Maharashtra associated senior businessmen with many of its corporations like Maharashtra State Financial Corporation, State Industries and Investment Corporation of Maharashtra, Marathwada Development Corporation, Western Maharashtra Development etc. and this policy has so far paid rich dividends.

Policies have very often to be given the shape of legislation. Previously the commercial bodies had two advantages. They had the right to send its representatives to the central and state legislatures. This provided an opportunity to have their say on all issues affecting the commercial community when they came up before the legislature from time to time. Now this position does not obtain and in a democratic set up, perhaps it is too much to hope for the restoration of this privilege. The other advantage

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1 Even now some persons feel that this privilege be restored. For instance Shri K. Sundaram, M.P. and Chairman Continued/...
was the opportunity provided by Government by circulating draft legislations on important measures among chambers of commerce and trade associations and endeavouring to obtain their views and suggestions. This practice has also been given a go by. At present such organisations have a limited opportunity to present their views to the select Committee to which a particular piece of legislation has been referred. They can also take up these issues before the advisory committees and councils in which representatives of trade and industry are included. Thus some opportunity for consultation does exist even now. But this should be a continuous process and some mechanism need be evolved for prior consultation with these bodies at least on important draft legislation.

The business associations can be closely associated with the Government machinery in regional planning as well as planning for particular industries. For instance the representatives of regional chambers of commerce may be closely associated in the various study groups and in the planning bodies at the stage of formulating the plans at the state level and at the district level. Similarly/all India industry associations can be associated with the planning at the national level while planning for particular industries. Recently this has been done by the Government of India. The Government has appointed task forces to

of the Southern India Millowners' Association, Coimbatore, argues that the representatives of Upper House of the Legislature, should wholly consist of representatives of trade, commerce, agriculture, labour and interests other than political - The Role of Chambers of Commerce and Industry - A symposium, Industrial Times, Bombay, Volume X No. 17, Sept. 1, 1969, p. 15.
work out the development plans during the course of Fifth Plan of a few important industries. Representatives of concerned associations were intimately associated at all stages and final reports of these task forces have been prepared in consultation with the representatives of these associations.

Apart from associating chambers and trade associations at the planning stage, we may also think of composite bodies including representatives of local chambers and associations to keep vigil over the implementation of the plans and the development programmes. These bodies may also be able to suggest changes in the policies and programmes from time to time to meet the changing requirements.

The chambers of commerce and trade associations may also be entrusted with specific programmes of development in matters such as establishment and management of industrial estates, functioning of Investment Centres, operation of common facility centres, advising and assisting new entrepreneurs in preparation of project reports, conducting market surveys, industrial licensing, import applications, etc. The activities of chambers of commerce and trade associations may be coordinated with some of the official bodies such as Maharashtra Small Scale Industries Development Corporation, Small Industries Service Institute, State Directorate of Industries etc.

For commodity controls and other licensing schemes,
there may be joint boards including expert representatives of chambers and connected trade associations for formulation and administration of such controls.

In the matter of export promotion, already Government is implementing many of its export promotion schemes through the export promotion councils. While this should be continued, individual trade or industry associations may also be entrusted with specific responsibilities in this matter. They can sign agreements with foreign parties on behalf of their industry or they can develop exports with particular countries or regions. Wherever necessary, they can also operate special funds for export promotion. All these activities are already being undertaken by India Cotton Mills Federation with the active cooperation of the Government. These activities can be fruitfully extended to other associations as well.

In a planned economy, there is a natural expansion of the Government and there is always a danger of over-concentration of the decision making process and machinery. In case of rural development this was realised during the Third Plan period and Panchayat-raj institutions were created in order to decentralise this authority. In case of chambers of commerce and trade associations, on the same lines we may visualise a scheme of functional decentralisation of government machinery. Of course for this purpose these associations will have to be well-organised
bodies, details of which are discussed later in this chapter. We can here visualise the decentralisation of authority in matters such as administration of company law, distribution of scarce materials, import licensing, issue of fresh capital, allocation of bank credits, equitable distribution of consumer goods etc. Many other functions can also be indicated. If such an authority is given to the properly constituted chambers of commerce and trade associations, they will be able to discharge these responsibilities within the broad framework of policy prescribed by the Government.

What is really important is not the formal procedure and a division of functions but the underlying spirit of give and take between business and government. If this is really to come about, the associations have also some responsibilities on them. These associations should not, either directly or indirectly take part in the political activities. As representatives of industries and trade, the chambers of commerce and trade associations should explore all avenues of contact with the Government. While initiative is welcome from Government in matters for consultation, it should largely lie with these bodies. Efforts should be made to gain representations on all policy making bodies of the Government in the mutual interest of both the Government and the industry. The representatives of these business bodies have to advise the Government from the viewpoint of overall national and not that of their
particular sectarian interests.

If the chambers and associations are to take active participation in the policy making of the Government and in the regional planning, these bodies must think of setting up separate economic and development cells solely devoted to research work, collection of data, study of a region and its problems, etc. On the basis of such authentic information, these bodies will be in a better position to put forth realistic plan outlines or economic policies.

There is also a need for fostering greater cooperation between chambers of commerce and various trade and industry associations. This mutual association is necessary and desirable from the point of view of examining the problems in a totality. Trade associations would appropriately concentrate on problems affecting their respective trade or industry. But they can look to chambers of commerce for projecting the difficulties of business and industry generally and seek their guidance on the approach and attitude to be adopted in the changing social and political atmosphere. They can also cooperate in taking a common stand on particular issues or in making a joint effort to solve a particular problem.

In order that the business associations actively participate in the official deliberations, their members must also shed their apathy and take a little more active interest in the affairs of their associations. At present though
various chambers and associations have representations on many advisory committees and public bodies, only a few of them regularly send points for discussion and participate effectively in their deliberations. In case of others, the members do not send points and therefore the representative of such associations cannot function effectively in these bodies. There is no point in giving representation to these bodies. Constitution of such advisory bodies will be useful only when larger number of its members participate in their affairs.

The scheme of functional decentralisation suggested here should not be termed as utopian. Similar powers have been given to chambers of commerce in other countries and trade associations also have been associated with the implementation of many Government policies. In our country too some attempts have been made to decentralise certain powers relating to exports to the export promotion councils. This experiment has so far worked well. Of course, this suggestion presumes certain reorganisation in the existing set up of chambers and trade associations and only after such reorganisation, attempts can be made to give them certain powers and associate them in the implementation of official policies.

10.6 Organisation of common services

As has been said earlier, the associations covered in the survey have been mainly engaged in representational
work or in the work of economic information and very few of them have been concentrating on the positive aspects of service to their members. But now things are changing very fast. Here submitting petitions of demand to government or working as a post office to send government circulars and notifications to members is not enough. Undue emphasis on representational work would only increase the dependence of member-firms on government assistance.

Associations have now to act as nurseries for promoting the growth of member-firms and diversifying their dynamism. Considering this need of the changing times an attempt has been made in this section to list some new areas of common services the associations can provide to their members and to the community.

The suggestions that have been made here are not entirely new. Some of the activities suggested here are already being undertaken by a few associations, while some are comparatively new. These suggestions have been made considering the voluntary membership of these associations and considering their non-official status. If at any time, the associations are given official status and are allowed to participate in any plan of functional decentralisation as suggested elsewhere in this chapter, their character will change and a lot more activities than suggested here can be undertaken by these associations. An indication of such activities has already been given in the preceding
Though a long list of common services is suggested here, it is not intended that all trade associations or Chambers of Commerce will be able to undertake all these activities. The work of any Chamber or trade associations is conditioned by the circumstances of the area in which it is located. For instance, in U.K. we find most chambers and associations engaged in export promotion activities and in the activities relating to regional planning. For instance, Birmingham Chamber of Commerce is having a separate section on different countries.\(^1\) The London Chamber of Commerce, apart from managing such specialised sections on overseas markets in its office also operates a Gem Laboratory at London and checks the measurement of hides and skins for the leather trade. These services are specially used by the exporters.\(^2\) In Glasgow, the local Chamber is engaged in continuous participation in the planning process of the region and is interested in the problems connected with traffic, goods transportation, warehousing, etc.\(^3\)

German Chambers of Commerce are engaged in the regional administration of the economy and in organizing vocational training on a large scale. In France, the Chambers of Commerce are in charge of certain public installations and services such as sea, river and airports, and airports, warehouse, commercial examinations and fairs. The Chambers of Commerce in Japan maintain trade registers of particular regions and work as liaison between government and people in the interpretation of various laws and regulations concerning trade, commerce and industry.

Therefore, though a general list of common functions is suggested, the tradition, history, the leadership, peculiarities of the region or the industry or trade will ultimately decide the pattern of services to be rendered by an association or a Chamber of Commerce.

Though certain services like collection of statistics, etc. cannot be undertaken by individual firms, however large they are, there are a number of services which are suggested here which many large firms can organize for themselves. But it is the small firms which are in need of such services from the Association. The largest and the most successful companies are those that need the services of a Chamber of Commerce or trade association least. But

5 Indo-German Chamber of Commerce, 1971. P3
6 Unpublished Article of Mr. K.G. Mohadikar, op. cit., p.2.
they are naturally approached for support, and often find in the position of subscribing the largest annual sums and also putting into the pool the most valuable knowledge and experience. Some companies look upon this as a bad bargain and refuse to tolerate it while others prefer to see it as a public duty. Either way, the fact remains that the trade associations, for the most part, should be best equipped to serve the interests of the smaller and medium sized companies in an industry or trade. With this end in view, and in the background of present day conditions prevailing in Maharashtra, suggestions regarding common services of the associations have been made here.

10.7 A list of common services

This list can be divided into two broad groups. In the first group those common services which can be rendered to member-firms have been mentioned, while in the second group, activities which are in the nature of service to the community have been mentioned. No distinction is made between the services to be rendered by Chambers of Commerce and trade or industry associations. But it is true that some activities can fruitfully be taken up by a Chamber than a trade association and vice versa. Wherever possible a mention has been made of this fact.

I. Common services to member-firms

(1) Advisory services

At present, advisory services in the field of labour
are run by quite a few Chambers and associations. This is a good area of positive service and small as well as large units need the assistance of expert advice in this field. If organised properly this can also be a good source of revenue to the association. At present only a few have organised such labour services and this is a good field for the remaining to enter into. Apart from the advisory services in labour matters, we can also think of similar advisory services in the following fields:

(A) Central Excise: Though there are quite a large number of consultants in the field of income-tax and sales tax, this field of indirect taxation is comparatively neglected. Now a large number of commodities have been brought within the net of central excise and the procedure is also quite complicated. The business associations can provide expert services in this field for their members by employing full time experts on their staff.

(B) Import licensing: The licensing of imports is governed by the Import Trade Control Policy which is announced every year by the Government. The large-scale units can engage the services of experts in this field, while the small scale manufacturers need proper guidance in the matter. Even the large-scale units also need guidance in many matters where there are questions of interpretation of a rule, questions of procedure etc. Proper guidance to members on the import licensing - filling of applications,
completing other formalities in connection with the I.V.C. number, sponsoring of applications, obtaining various other clearances etc. would be of great assistance. There are already some private consultants in this field and the business association can very well undertake this activity for their members.

(C) **Bank Credit Assistance**: Many small and medium scale units do not know what facilities are given by different financial institutions and how to approach them to get financial assistance. The associations can undertake, wherever possible, preparation of techno-economic feasibility reports and can assist their members in submitting applications to the financial institutions. The Maharashtra Small Scale Industries Development Corporation at present undertakes such a service for small scale units and charges them fees ranging from Rs. 100 to Rs. 1000 for an application plus extra expenses, if any. With a large number of technicians entering into the industry there is a necessity of giving them proper guidance in this matter at a reasonable fee and the associations and chambers of commerce can very well organise such an advisory service.

(D) **Income Tax Consultancy Service**: Income tax law has become very complicated these days and few understand the full implications of the amendments made from time to time. The associations and Chambers of Commerce can offer expert advice to small individual tax payers in the matter of filing their returns. The filing of returns for income
from business or profession and filing of returns of firms or companies is sufficiently complicated and it would be beyond the scope of trade associations and chambers to handle such cases. The expertise of tax consultants is also available for them. However, the associations can handle cases of individuals whose income is from the sources of salaries, interest on securities, income from house property, capital gains and income from other sources. Thus at moderate charges a service can be given to individual tax payers from the member-firms. The Central Bank of India has been operating since sometime such a scheme of tax consultancy for its clients. On the same lines such a service can be organised by associations.

(2) Group Telex Service

Many associations and especially the regional chambers of commerce can operate group telex service for their small and medium sized member-firms. These firms either cannot afford the cost of independently installing a telex service at their office or they do not have sufficient work on telex to justify a telex machine for themselves. Under the group telex service, the members subscribing to this service can quote the telex number of the association prefixed by a code word of each company and can transmit and receive messages on the association telex. I am told that some Chambers and associations in U.K. and other
countries are operating such a service. In Poona, the Mahratta Chamber has already applied to the Government to allow it to operate such a service for its members.

3) **Document copying Service**

Most business firms require copying of their important documents such as industrial licensing, import licences, sales agreements, other legal documents etc. While large firms can have their own machines for this purpose the smaller organisations would need services of a centrally located machine with an association. Xerox copying machines have been introduced very recently in our country and if the associations immediately instal such machines and start giving these services, they are certainly bound to get quite a good amount of work. At least this service would certainly pay for itself.

4) **Translation in foreign languages**

The business and industry many times requires translation of technical papers, letters, brochures into foreign languages and translation of similar papers received in foreign languages into their own language. This service can be organised by the Chambers and trade associations. There is no necessity of appointing any one on the staff as this work is bound to be sporadic and moreover appointment of persons knowing all different languages would be impossible. This is a question of proper organisation of work through the university teachers in different languages.
or persons proficient in such languages and employed elsewhere.

(5) **Oral foreign language examination**

Learning foreign language is rather difficult task and especially for the middle aged executives. The Birmingham Chamber of Commerce has been operating a scheme since 1964 of training executives in foreign languages orally and this has so far worked very well. This is a short cut method than regular learning of a foreign language. The Birmingham Chamber also conducts examinations in the various foreign languages. Similar schemes can be worked out by our export promotion councils, and other organizations interested in the promotion of exports. At present the lack of foreign language knowing persons is a big problem before the exporters and this can be solved to some extent by this method.

(6) **Training Programmes**

The Chambers and Trade Associations can impart education to their member-firms by organizing training classes on a number of subjects, such as import licensing, labour laws, procedures relating to small scale industries and industrial licensing, sales tax, income tax, company law, export marketing etc. They can also acquaint small scale industries with new techniques of production and management. Many of the small scale entrepreneurs do not have a formal training in these subjects, and in some subjects like import
licensing, sales tax, industrial licensing etc., the formal training is just not available anywhere. Therefore, if such training programmes are organised by enlisting the cooperation of specialised institutions, it will be a good service to the member firms and particularly to the smaller ones.

(7) Collection of Statistics

Both the individual trade associations as well as the regional chambers of commerce can engage themselves into this activity. Some of them are already doing a good work in this field. The associations can collect statistics from the various publications of the Government and circulate the related information among their members or supply them whenever required. They can also collect production statistics relating to their members every month and circulate these figures to all members. In case of trade associations, they can collect market arrivals, sales and stocks from their members and circulate the same. Analysis of financial data relating to the various companies or firms engaged in the industry or trade can also be attempted annually. In order that this activity is fruitful, the association must command a large following from the firms in the industry or trade and then the member firms must cooperate by sending statistics regularly. The regional and local chambers of commerce can do a great service to the community if they periodically collect detailed
statistics regarding the industrial capacity, value of production, products manufactured, number of workers etc. from the industries in their jurisdiction. Such statistics may be collected every year and every third or fourth year. This may be published in the form of a trade directory of the locality or the region. If all Chambers take to this activity they will fill in a big gap in our regional industrial statistics. Over a period of years this would be a very important and valuable reference material.

(8) Research Wing

The memoranda or representations of the Chambers and associations must be supported by proper facts and investigation. These associations can collect information from their members on a variety of subjects such as financial requirement of small scale industries, the question of margin money of small-scale industrial units, idle capacities in member-units, absenteeism, and on a wide variety of subjects. They should collect the data, analyse the same and then send their representations. This should be a continuous process and for this purpose a research wing in these associations and Chambers - at least in larger organisations is necessary.

The larger bodies can also establish properly manned research department. The pattern established by Commerce Research Bureau would be ideal one for such organisations. This Bureau specialises in continuous monitoring of
current developments of all the sectors of the Indian economy with a very little time lag. It has at present 9 divisions in the field of agriculture, industry, corporate sector, regional economics, planning and public finance, banking and finance, international economics, poverty and unemployment and national income and statistics. It has a staff of 20 research workers and 15 supporting staff and day by day data is collected through various documents, publications and other papers. They enrol members for giving general economic service which includes a weekly report on banking, money and prices, monthly economic review, current economic trends and outlook (twice a year), current trends in capital formation and outlook (once in a year), basic statistics relating to the Indian Economy, fact sheets on 50 major industries in India and on 50 larger countries of the works etc. The Bureau has set up an elaborate organisation, has developed independent sources of information and has organised a good reference library. It would not be possible for each and every organisation to set up such an elaborate research department and it is not necessary also to do so. But at least the larger organisations or the well organised all India bodies can think of such a set up. A quick dissemination of information and results of research work and detailed reports on the trends in individual industries and the factors affecting the same
would be very useful to member-firms of an association. Such a research department can also take research assignments on behalf of member-firms and earn an income too. At present some work in this field is being done by Maharashtra Economic Development Council. But apart from a qualified secretary, it has no staff worth the name, it has no library, no independent sources of information and thus it is working under great many limitations.

It is worthwhile to strengthen this organisation on the lines of Commerce Research Bureau so that all associations in Maharashtra can benefit from the same.

(9) Dissemination of technical information

The individual industry associations can compile technical information on new products and production techniques in their fields and circulate the information among their member-firms. They can also forge ties between our research institutions and industries by publicising their inventions and by referring the problems of industries to these institutions.

(10) Seminars and conferences

These are good instruments for focussing the attention of the public and the authorities on the problems faced by concerned industries. Carefully arranged seminars on technical subjects pertaining to particular industries can benefit the industrial units concerned provided proper follow up action is taken by industrial associations.
present it is not the case. The seminars publicise the office bearers more than furthering the interests of member-firms and with some associations this has become a full time affair. This is certainly not desirable.

(11) Marketing Assistance

In times to come, marketing is going to be a big problem with many industries - large as well as small. Industrial associations can help the member-firms to launch effective sales drives. They themselves can undertake market survey for particular products and assess the future demand. Opening of show rooms at important centres and exhibitions of the products manufactured by the member-firms can also help to increase demand for the products of member units. The Government has created marketing agencies, to help the small scale units. But in order to get good results, marketing agencies will have to function within the flexible structure of a private sector. As an individual small producer cannot afford a marketing organisation, a centralised marketing agency working under the aegis of an industrial association can be thought of. It should also undertake publicity and sales promotion on behalf of all member-firms.

(12) Issuing of Carnets

One of the most practical forms of assistance which the London Chamber of Commerce provides for exporters from U.K., whether member of the Chamber or not, is the issue of ATA
carnets. These documents which are accepted in many European countries, enables the business traveller to take abroad on a temporary basis without payment of duty samples, professional equipment and items for display at overseas trade fairs and exhibitions. They can be regarded as a passport for samples and can save the businessman untold time and inconvenience when crossing international frontiers. Business associations in India and especially the export promotion councils and those associations dealing with exports should be able to issue such carnets. These associations should collect information regarding the necessary formalities to be completed to obtain an authority to issue international carnets and provide this facility to Indian exporters.

(13) Publications

The associations can undertake publishing of useful publications. In the first place they can publish informative booklets giving information on various facilities available, procedures relating to various licensing schemes, acts etc., and secondly they can publish every year information regarding their own members in the form of Directory or a review of the developments in their own industry or trade. These will be very useful publications for reference purposes. Apart from these publications, they may also undertake other occasional publications regarding results of the research work carried out, reports of the
seminars and conferences, training manuals of the courses conducted etc.

(14) Data Processing Unit

It is rather too early or too ambitious to think of establishment of data processing units by chambers and associations at suitable centres. But in times to come this will be a need of the industries and trade and the associations can establish centralised computers in different regions for the use of their members. This is possible for the regional associations. Apart from the processing data for the members, such a centre should be able to evaluate members' actual need for a mechanised data processing system and the extent of mechanisation required, to recommend improvements in documentation and information flow in the existing systems in the areas where mechanisation is not required and to draw up and recommend a viable data processing system along with the cost justification. Immediately this may not be feasible, but in the very near future the need for such facilities will arise and the associations may be able to enter into this field.

(15) Bulk purchase on behalf of the members

The associations and especially the industry associations can do bulk purchase on behalf of their members. This way they will be able to obtain the material at special discounts and pass on the benefits to their members.
Whenever any material is scarce and is not available the association can obtain it on behalf of its members and arrange for its equitable distribution. At smaller places where industries are located in a compact area, the associations can organise cooperative stores of tools, parts and components required by the member-industries and make them available promptly and at reduced rates.

(16) **Bank for cutting tools and measuring instruments**

In case of industries located in an industrial estate or a small compact area — and especially where engineering industries are there in good number, the concerned associations can operate banks for cutting tools and various types of measuring instruments. A variety of cutting tools are required by engineering industries for different kinds of jobs. They also require different types of measuring instruments. But since they require these instruments occasionally, it is not possible for them to purchase them. Moreover the cost of these instruments would also be prohibitive for small units. Hence if the association invests initially and operates such a bank it is bound to be of great assistance to the member-firms and especially to the smaller ones.

(17) **Promotion of Industrial Estates**

The Associations and Chambers can take a lead in promoting industrial estates in their areas. The State Government has a scheme of giving financial assistance to cooperative
industrial estates. The associations have to organise such estates and assist them in their initial work. This will be of great assistance to the new entrepreneurs or those who are carrying on manufacturing activities at odd places.

(18) Study Tours

The associations and chambers can also organise study-tours of their members to different industrial centres of our country. They can also organise similar study tours or delegations abroad to visit the new technological development achieved by advanced countries or to study foreign markets.

II. Services to the Community

Chambers of commerce and trade associations are not only interested in the promotion of economic interests of their members but also in the social and economic welfare of the community. Therefore, if these organisations are to become instruments of economic and social progress, they have to render some service to the community. By community service, it is not meant only to undertake relief work at the time of draught, floods, earthquake or other natural calamities. In these calamities, the associations have to come to the assistance of the society on behalf of the business community. But what I propose to suggest is continuous programmes of community service in the respective spheres. All associations would not be able to undertake these services. But at least the larger ones
and those having adequate financial resources and those who can get the requisite cooperation from their members can undertake at least some of the activities suggested here. Some of these activities are principally meant to serve the business community, while some of them will serve general community.

(a) Industrial Information Centres and Trade Libraries

Many large chambers of commerce and all India bodies have their libraries. But in the first instance, they are very small, except general books on economics and commerce and a few government reports, there is not much useful material in them and except in one or two cases, these libraries are hardly properly organised. Most of them concentrate on laws, amendments to these laws, government public notices etc. The business and industry now need information on a variety of subjects and there are not many reliable sources of information in our country. In order to bridge this information gap, the chambers of commerce and trade associations can play a very useful role. Probably it may not be possible to have such good reference libraries at all centres in the state. But one can think of such libraries at least in each revenue division in the state i.e. at Bombay, Poona, Nasik, Nagpur and Aurangabad. The local organisations should take a lead in organising such libraries and information centres at these places. Apart from such centres, the smaller organisations can also have some sort
of nucleus libraries in their own organisations to meet the local needs.

This library can consist of following sections:

1. **Statistics**: Such a library should have a good and up-to-date statistical information regarding imports and exports, population, production, prices, distribution, employment, transport, capital formation, savings, finance, energy and on many other subjects not only of India, but of a few other important countries. Emphasis should also be given for the compilation and if necessary for the collection of regional statistics relating to the state or to the region to which the organisation belongs.

2. **Commercial Directories**: Such a library should have a fairly good collection of commercial and industrial directories and other specialised trade directories of different countries in the world. It may also obtain telephone directories of different important cities in the world.

3. **ISI Standards**: All standards published by Indian Standards Institute and the lists of British, German, American or other standards should be available for reference purposes in the library.

4. **Patents and Trade Marks**: The library should stock all Indian Patents and Trade Marks and the parties should be able to take a search of patents and trade marks from these libraries.
5. **Manufacturers' Catalogues**: These are very useful references for the manufacturers. Catalogues of Indian manufacturers, foreign manufacturers and catalogues of mail order firms and departmental stores in other countries should be stocked in these libraries.

6. **Foreign Trade**: This section can contain informative material in respect of various international and national organisations and arrangements like UNIDO, GATT, Brussels nomenclature, international commodity agreements, duties, rules and regulations in other countries, etc. It may also have detailed information on Government of India's policy regarding imports, exports, reports published by various export promotion councils, committees, Indian Institute of Foreign Trade, Export Credit and Guarantee Corporation, Export Inspection Council, etc., commercial reports on different countries etc.

7. **Industrial Relations**: This section should contain acts and rules relating to various labour laws, the case law and also information regarding the wage scales and employment conditions obtaining in different factories in the region.

8. **Legal section**: This section should have all acts and rules relating to trade and industry. These acts should be kept up to date with latest amendments and a separate section should also be opened for keeping a proper record of all public notices, gazette notifications, trade notices,
circulars of different government departments.

9. Corporate Information: The libraries can collect memorandum and articles of association, balance sheets and other useful information regarding leading companies in India or at least those in the region.

10. Industrial Designs: The library can stock new and latest designs introduced in different products in different countries and even in our own country.

11. Management Section: The library can have a fairly good collection of books on various aspects of management such as cost accounting, works study, production planning and control, plant maintenance, stores and inventory control, industrial safety, office management, communication, etc.

12. Training Aids: Apart from the books, the library can also stock training aids such as film strips and films on various subjects relating to industry, management etc., and charts, training manuals etc.

13. Periodicals Section: The library should be able to subscribe to a large number of periodicals on the related subjects and it may also carry bound volumes of backnumbers of some of these periodicals.

The subjects indicated above are only the important ones. Apart from the above sections, the library can develop separate sections on market survey, project reports, biographies of industrialists, regional maps, techno-economic
reports on districts, small-scale industries - studies and reports thereon, newspaper clippings etc. etc.

The library should also be well-equipped with various equipment such as document copier, a film projector, slide and film strip projector, a micro-film reader, adding and calculating machines and so on.

Such a library should be followed by efficient library services. There should be public reading room and a special room where typewriters and adding machines are provided. The regular users of the library should be able to rent a locker for a week or a quarter in which to keep small machines or papers. The library staff should be able to help the visitors to find the information they want, to answer postal, telephone and telex inquiries and to tell the visitors the sources of unpublished information. Wherever possible, the staff should also be able to collect statistics on payment of the cost of the staff time involved.

Though in other countries, such trade libraries are in existence in great number, in our country there is not a single library of this type. It is for the chambers and associations to establish such libraries and if possible, with the assistance of the Government. These libraries should not be restricted to the members alone, but any one interested in business and industry should be able to make use of such a library. If such libraries are set up, it will be a great service to the community and parti-
circularly to those interested in trade, commerce and industry.

(b) Education

With the exception of only few associations, no chamber or association has taken interest in the field of education. Their impact, therefore, on education has been almost negligible. In other countries, the associations have contact with the universities at the instructional, the research and the repository level. Many associations influence teaching by providing scholarships at the undergraduate or graduate level, by sponsoring seminars for faculty members, by sending speakers to campuses, and by encouraging students tours through plants and offices.

In Germany, some chambers like Hamburg Chamber of Commerce have Education Policy Department. The task of this department is to observe and judge the fundamental developments of education policy vis-a-vis the public authorities and educational establishments and to make it easier for the business community to understand and appreciate the problems of education policy and to follow the relevant discussions. Apart from this, the Hamburg Chamber has also a department for vocational training like all other German chambers of commerce. The German Law relating to Vocational Education and Training (passed in 1969) makes it compulsory for the

chambers of commerce to organise work in the field of vocational education and training.

The London Chamber of Commerce, through the commercial education scheme plays an important role in business training as an examination body. It organises examinations for private secretaries, foreign languages for industry and commerce, and conducts joint examinations with the Royal Society of Arts on business studies. It also provides special examinations for individual companies.2

The chambers of commerce and local industry associations in Japan conduct examinations for soroban3 grade certificates. In one year ending March 1972, a total of 1,20,000 persons took examinations of Japan Chamber of Commerce and Industry in this subject.4

In Maharashtra, the Indian Merchants' Chamber is annually conducting commercial examinations. Now that the Government itself is conducting examinations in these subjects there is not much of a scope. But a few more activities can be thought of in the field of education apart from conducting examinations and which the associations would be able to organise.

1. Practical training during the vacation

The associations and chambers by coordinating with the industry and colleges can make available practical training in the field of commerce and engineering to the teachers and students of these courses during the long summer vacation.


Continued/..
This training can be arranged with the factories, banks, business firms etc. This experiment was successfully tried in Poona about two years back.

2. Commercial Apprenticeship Scheme

The Association of British Chambers of Commerce are running a commercial apprenticeship scheme throughout U.K. under which boys and girls between 17 and 19 are recruited and are trained on their job. The boys work for five days in a week and attend one day in a week their classes. This is something that is provided under our Apprenticeship Act 1961. For commercial training, probably the chambers and associations may be able to coordinate with the State Government authorities and they can work out a feasible scheme.

3. Training for educated unemployed

The State Government is now considering a scheme of imparting training to educated unemployed. It is proposed to give them information and training in sales tax, labour laws, financial assistance to industries, procedures connected with small scale industries, raw material assistance, preparation of project reports, marketing etc. In such a scheme the chambers and associations can cooperate with the State Government, offer physical facilities for organising

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3. The Soroban is a simple looking calculating device used largely in Japan.

such training and provide with experts to conduct such training classes, etc. Practical training of these persons can also be arranged in such trades as automobile servicing, repairs of electrical and electronic gadgets, electric motor rewinding, spray painting, repairs of diesel engines and pumping sets, powerloom weaving etc. The training and a practical experience in a trade will enable at least some of them to organise independently their own businesses. This is a useful area of social service and an area where industry and government can collaborate fruitfully.

4. **Hobby classes**

In order to inculcate interest in the manufacturing activity in the young boys and girls and to acquaint them with the techniques of manufacturing processes, hobby classes by some regional chambers and associations can be started. These classes should be in the field of simple processes such as manufacturing chalk sticks, agarbattis, pain balm, writing ink, envelopes, plastic moulding etc.

(c) **Family Planning**

The Indian Chamber of Commerce, Calcutta, since 1966 has undertaken an ambitious scheme in the field of family planning. The Chamber undertakes a survey of the workers in the factories, advises the factories on setting up of family planning clinics, trains medical, paramedical and other staff of the factories, implements and evaluates these programmes, supplies promotional literature, undertakes
free distribution of conventional contraceptives, vasectomy operations, offers infertility services, organises film shows, exhibitions etc. So far 165 factories are associated with this service, 19,000 vasectomy operations have been performed and 8,60,000 nirodhs have been distributed. This activity is undertaken with the assistance of the State Government. The USAID has given financial assistance of Rs. 45 lakhs to the Federation of Indian Chambers of Commerce and Industry to support such schemes in the area of family planning by chambers and associations. So far no organisation has come forth with a viable proposal. This is an useful area where the business association can render a service to the country.

(d) Industrial Liaison Centres

In order to give technical assistance to the small firms, the industrial liaison scheme has been developed by the Ministry of Technology in U.K. The function of the officers based in these centres are to visit small and medium sized firms, firstly to provide practical assistance to industry in framing inquiries and direct companies to the most suitable sources of assistance that are available, to overcome particular problems, secondly to promote in local industry an appreciation of the advantages of adopting new technological and managerial methods and generally to stimulate innovations within these firms, and thirdly, to encourage the maximum and effective use
of local and national scientific, technological, managerial and commercial advisory sources. These centres are more or less on the lines of Small Industry Service Institutes in India, but their scope is wider. These centres are generally attached to polytechnics or engineering colleges and the industrial liaison officer is usually a member of the polytechnic or the college. This has worked well in U.K. and the activities of chambers and associations are complimentary to these centres. In India with the cooperation of the Government the local associations can evolve a similar scheme. Such centres would be of great use to developing centres like Nasik, Nagpur, Aurangabad, etc. and it should not be difficult to work out a scheme in cooperation with the regional development corporations. The regional associations and chambers of course must take a lead in the matter.

(e) **Code of Ethics for Members**

Some of the associations have tried to develop codes of ethics in business behaviour. But so far they have achieved a limited success. In other countries, business associations do a good amount of work in this field. For instance, in Germany, the chambers of commerce protect the consumers against the malpractices of business and industrial firms. All trades and industrial firms have compulsorily to become members of the town Handelskammer or Chamber of Commerce. Though the chamber represents the
interests of its members, it cares equally for the rights of the consumers. If the quality of a particular product is not good, a consumer can file a case against the manufacturer of such a product in the local chamber of commerce. The local chamber after hearing both sides gives verdict. For minor aberrations, the manufacturer or trader is fined and for major offences, a member can be dismissed from the membership which means an end of his business.

The German chambers are powerful and take stern action because there is a government sanction behind them. The protection of consumers interests, inculcating of fair trade practices and prescribing a code of conduct are very important and the chambers and associations in our country would be of great use to the community if they are in a position to enforce these codes. But at the moment, without any legal sanction, they are powerless to enforce these codes. All that they can do is to go on impressing on their members the need to follow some code of ethics in business.

10.8 Organisational structure and staffing of associations

In this section, it is proposed to discuss the changes needed in the organisational structure of these associations. As has been explained earlier in this chapter, there is a multiplicity of chambers and trade associations and secondly in many organisations there is considerable common and overlapping membership. Secondly some of these associations
have proportionately a very small membership either from the region or the industry they represent. Hence the problems are how to avoid multiplicity of these organisations and overlapping membership and how to make them really representative by widening their membership base. Any plan of reorganisation of these bodies must be able to solve these problems. Such a plan must also consider how the internal working of these organisations can be made more efficient and businesslike. The problems of staffing, the working of committee and sub-committees etc. will therefore also come under these discussions

10.9 International Experience

The pattern of organisation of these associations in different countries would have same lessons and therefore before we discuss these problems pertaining to associations in Maharashtra State, it would be better to review the international experience in this field.

In countries like U.K., United States, Australia, the chambers of commerce and trade associations are financed solely by the subscriptions of their members and the membership of these organisations is voluntary. In countries like USSR, Hungary, Czechoslovakia, etc. where there is more or less centralised control of their economies, the chamber of commerce has become akin, in varying degrees, to a state authority. France, Germany, Italy and the Netherlands, in
contrast to both these systems have evolved a form of chamber of commerce that is independent of the state and yet maintains its financial stability. This is the chamber of Industry and Commerce constituted as a public corporation with compulsory membership.

In these countries the chambers of commerce have a jurisdiction over a definite physical area and they represent the general economic interests in their own region. Membership is compulsory for all who are engaged in industry and commerce within their region. Apart from representing and protecting the industrial and commercial interests in their own province, the chambers of commerce have also been assigned certain duties by the law. In France, they are in charge of public installations such as sea, river and airports, warehouses, commercial exhibitions, fairs, apprentice training schools, etc. In Italy, the chambers of commerce maintain register of firms and companies in which all industrial and commercial organisations, professionals, experts in different subjects must register themselves. The agricultural interests are also represented in the Italian Chambers of Commerce. In Netherlands, the chambers of commerce attend to the administration regarding regulations for opening and closing of shops, they break the ice when the canals are frozen in winter and maintain trade register for a region. The German chambers hold examinations, issue certificates, legalise certificate of origin for goods, can appoint experts, advise the courts,
authorities and the Government on economic matters, run vocational training schemes. There are separate chambers of crafts and chambers of Agriculture in Germany.

The finances are raised by membership subscription. In Germany, the members elect annually a plenary body to act as a kind of parliament of merchants and this in turn elects a council and appoints an executive. The subscriptions are decided by the plenary session itself account being taken of difference in financial potential. The size of the subscription of the members is assessed on the basis of Company tax paid by them.\(^1\) The Italian Chambers of Commerce have powers of taxation to raise funds for themselves.\(^2\) In France, the chambers of commerce have to submit annual budgets to the Government and its expenses are met annually by Government through taxation.\(^3\)

The Japanese Chambers of Commerce present a slightly different picture. The chambers of commerce in Japan are governed by a new chamber of commerce and industry law passed in August 1953. The chambers were given a legal status, a jurisdiction was prescribed to each chamber and they were given a status of all embracing economic organisations. The membership of a Japanese Chamber of Commerce

2 Cirvante Suresh R, Italian Chambers Key role in economic activities, Article in Economic Times, 26th February, 1969.
3 Unpublished Article of Mohadikar, R.G., op.cit., p. 3.
is not compulsory but registration of specific merchants and industrialists within the area with the legal register maintained by the chambers is compulsory. The law imposes an obligation on the local merchants and industrialists to submit data for drawing up or correction of such legal register and to pay expenses of drawing up and taking care of the said register. All those registered in the legal register irrespective of the fact whether they are members of the chamber or not, can participate in the Chamber's activities. This has been provided to overcome the shortcoming of the membership system that the membership sometimes comprises comparative minority of business circles.

Even in countries like U.K. and U.S.A. where the membership of chambers of commerce is completely voluntary, these organisations have a large membership, they have different specialised departments and experts on their staff. A mention has already been made regarding the various services offered by chambers of commerce in U.K. in the field of exports and imports, education and training, regional planning etc. In U.S.A. also the Chambers are equally potent instruments of trade promotion and industrial development. The Central Organisation in U.S.A. is the Chamber of Commerce of the U.S., popularly known as the 'National Chamber'. Its membership includes over 4,000 local, regional and state chambers of commerce and trade and other associations, and 30,000 business enterprises.
Its underlying membership exceeds 3 million businessmen and professional men. It has as many as 30 committees on different subjects, maintains continuous liaison with the Government and has a field staff comprising divisional and district managers who make regular and frequent calls on the local chambers to understand their problems. Some chambers in U.S. like San Francisco Chamber of Commerce have stationed its own trade representatives abroad. Some chambers like Chicago Chamber of Commerce endeavour to energise industry and trade in the region as would put 'Mid-West' on the map of the world trade.¹

The trade associations in most of the countries are based on voluntary membership. But even then they are very strong organisations. For instance, in West Germany, the Verein Deutscher Maschinenbau-Austalten (VDMA) or the Association of German Machinery Manufacturers is about 80 years old and has more than 3000 machinery manufacturers as its members. The members contribute to the finance of VDMA by fees calculated at 0.08 per cent of annual turnover. The VDMA has 10 regional offices and 36 functional groups, and a 500 strong personnel. It carries out market research abroad, maintains up-to-date card index catalogue containing particulars of all foreign customers.

¹ National Productivity Council, Team on techniques of international trade in U.S.A., West Germany and Japan, 1964, p. 13.
of German machinery, keeps in close contact with universities and is a veritable storehouse of information. In Japan the Exporters Associations are strong organisations and they regulate the quantities of goods to be exported, their prices, qualities and specifications etc.¹

In many of these countries apart from trade associations and chambers of commerce there are employers organisations which look after problems in the field of industrial relations.

In U.K., the retail trade is not in the chambers of commerce. They have their own separate chamber of trade.

10.10 Multiplicity of Organisations

The multiplicity of organisations and common and overlapping membership is not common to our country. Wherever there are voluntary associations, we find more or less same picture. In U.K. also there is a multiplicity of such associations. For instance the English textile industry has 120 trade associations, engineering industry 40 associations, steel industry 80 associations and the timber industry has over 80 associations.² This subject has been discussed by the interests of British industries and there has been a move for economic amalgamations of

2 Andrew Robertson, Trade Associations - a case of too many cooks, British Industry, June, 1966, p. 18.
of associations with similar interests. Sometime back the Association of British Chemical Manufacturers announced the signing of an 'integration agreement' with their opposite organisation, the Association of Chemical and Allied Employers. Now a new and powerful Chemical Industries Association has come into being. But these voluntary efforts have achieved a limited success and they have not appreciably changed the pattern of multiple associations in the same industry or trade in U.K.

As has been explained earlier in this chapter, in Maharashtra State too, attempts have been made for amalgamation of two or more associations in the same industry. But so far these voluntary efforts have not achieved any success. Therefore I feel that left to themselves the chambers and associations will continue to have the same pattern and there is absolutely no possibility of introducing any rationalisation among them. The change can come only through the government intervention.

It would not be premature to consider now whether a more assured, publicly acknowledged status for these associations would not be desirable. At present chambers and associations take a variety of legal forms and there is no recognised framework for them to assume. The creation of a new legal entity with a system of registration would provide a more informative picture of the activities, representativeness, general scope of these bodies and of
their value to the industry and trade. This can be done by enacting a separate Act on Trade Organisations by the Government, by making it compulsory for all the trade associations and chambers to register themselves under the Act and by drawing a plan of reorganisation of these bodies.

In Pakistan, this was done in 1961 through the Trade Organisations Ordinance 1961. Under this ordinance, the Government decided to make registration compulsory for all trade associations, chambers of commerce and Federations. The sphere of activity was also prescribed in respect of these organisations. For instance the activities of associations would be confined to matters pertaining to particular trades or industries they represent, and Chambers of Commerce would represent the interests of trade or commerce or industry of the city or the area in which they function. The Federation will deal with important matters of policy of regional, national or international interest. Every important city or commercial area will have only one chamber of commerce. In some large cities like Karachi, Lahore, etc. organisation of a separate chamber to represent foreign business interests was allowed. The industry associations were all national associations. All these bodies were given recognition by the Government. All firms, individuals engaged in business and paying income-tax were advised to become members of a chamber or trade
association. They could become members of not more than one chamber and one trade association. The Government gave certain privileges of consultation, proper consideration of their views, free supply of certain publications, etc. Detailed rules regarding their constitutional requirements, etc. were also prescribed by the Government.¹

Can we also have a similar enactment? This question was asked to all the associations covered in this survey and about 27 associations felt that there should be some kind of legislation to govern the business associations. Most of them are critical of the existing multiplicity of organisations and the efforts of some businessmen to organise rival trade bodies.

I feel that on the lines of Societies Registration Act some simple law can be enacted for the registration of chambers of commerce and trade associations. The registration should also follow a licence from the Government to operate as a chamber or association in a given region, industry or trade. In order to avoid the present multiplicity of organisations, some scheme will have to be worked out. For the existing chambers of commerce, geographic jurisdiction can be prescribed and if there are members from other region they should be transferred to

the chamber of commerce in that region. For this purpose, the district will be an ideal geographic area and the reorganisation would be on the basis of one chamber of commerce at one district. In order to do so, in some areas where there are more than one chamber of commerce, they should be amalgamated into one body only. In such a pattern of reorganisation there will not be many problems in the other districts of Maharashtra. But Bombay will pose a difficult problem. At present three large chambers of commerce namely Indian Merchants' Chamber, Bombay Chamber and Maharashtra Chamber are working in Bombay. The district of Greater Bombay can be suitably divided in three areas and each area may be entrusted to one chamber of commerce. Another practical alternative would be that only one of the three chambers can function in the whole of Greater Bombay, the other one can work as a State Federation of different chambers and trade associations and one of the chambers, especially the Bombay Chamber can work as a chamber representing foreign business interests. These are broad suggestions and a good number of details will have to be worked out further.

These regional or district chambers of commerce should represent all economic interests in the region - trade, professions, industry - both in small as well as in large scale and both in public and private sector. There should not be separate chambers of retail trade as is the case
in U.K. The local trade associations should be affiliated to these chambers. These chambers should be thus composite and should embrace all types of economic interests in the region.

As regards the trade or industry associations, the present multiplicity must be avoided and any scheme of reorganisation should see that there is only one association for each industry or trade. These associations can be all India associations, state associations, district associations or local associations. The sphere of activity and functions of the associations should be confined to matters pertaining to particular trades or industries they represent. While giving recognition and registration to these associations a mention may be made of the area and industry or trade an association represents.

While reorganising these associations, the Government is likely to face some problems where there are more than one associations. In such a case which association is to be taken as a representative association? In the Bombay Industrial Relations Rules 1947, provision has been made in rules 21, 22 and 23 for the procedure for recognition of a representative trade union. The membership of different unions in the same organisation is verified on the basis of the records and documents of these unions and then whether a union is representative union or not is decided. On the same lines after verifying the membership
of different associations, whichever association has the largest following from the trade or industry can be considered as the representative association. Such an association can be registered and recognised by the Govt. and other associations in the same industry or trade may be merged into such an association.

Apart from registration, what should be the other features of such a legislation? It must be laid down as to who can use the words 'Chamber of Commerce' and 'association'. Generally public recognition goes with the word 'Chamber of Commerce' and therefore it is necessary to lay down certain minimum conditions for recognition and use of this word. As regards the organisational set up there is no necessity to lay down all details regarding the constitutional set up of these associations. But some guidelines can be given as is done at present in the case of local productivity councils, export promotion councils and cooperative research associations. Prior approval of the Constitution and rates of membership subscriptions may be made necessary. The legal enactment should be as simple as possible and the chambers and associations should have sufficient freedom to change or modify the structure of their organisations to suit changing conditions but within a broad pattern prescribed by the Government.

Mere registration and licence to operate is not
enough. These associations and chambers should get representations on various bodies, they should be consulted on all important matters and due importance need be given to the representations received from such associations. Then only they will get a publicly acknowledged status.

10.11 Representative character of the associations

The next problem is what should be done to widen membership of these bodies. At present the chambers and associations are criticised for being mouthpieces of influential and powerful minority of the private sector. How then they can be made representative of the entire spectrum of industry and trade? Should compulsory membership of these associations by all those engaged in industry or trade be introduced as is done in some countries in the Continent? Many leading industrialists feel that in order that all trading and industry establishments join them as members, the membership of such associations be made obligatory by law.

This question was asked to the associations covered in this survey. About 14 associations felt that the system of compulsory membership be introduced in India. Some of them felt that the activities of the associations should be governed by some enactment and the main features

1 Editor’s Notebook, Commerce, April 3, 1971, p.605.
of such a legislation should be compulsory membership. Apart from the compulsory membership, they also feel that these associations should affiliate to statewide organisations and then to all India Federations. According to them such affiliation or membership of these associations with state level Federations or all India bodies should also be made compulsory.

It is no doubt that this sort of compulsory membership will give these organisations a representative character. But this is likely to raise another set of problems. At present their membership is purely voluntary and the associations can attract members purely by the quality of their services. Once there is compulsory membership, this service aspect, their initiative and efficiency is likely to be lost and they are likely to become government departments bogged down with rules, procedures and precedents. The introduction of compulsory membership would also require major changes in the present set up and an elaborate scheme of reorganisation and government intervention. New organisations will have to be created at a number of places where they are not existing today. Hence, in order to overcome these problems, we must be able to preserve their voluntary character and at the same time widen their membership base. This can probably done if we adopt the Japanese pattern. For instance the proposed district chambers of commerce should have an
obligation to maintain trade register for their region. This legal register of merchants and industrialists in a district should contain information regarding each establishment in the region such as year of establishment, type of production, annual value of sales or production, total capital investment, no. of workers, names of bankers, etc. The registration should be made compulsory for all those who are paying income-tax. If such a register is maintained by all districts, it will yield a very valuable information for the state as a whole. Each chamber of commerce would also know how things stand with important divisions of commerce and industry within the district of the chamber concerned so that the chamber can conduct its business properly. A fee can be levied on all the establishments so as to finance the work of maintaining the trade register. This fee can vary depending upon the population of each town or district and the commercial activities therein. All those who register in the trade register can be treated as associate members of the district chamber of commerce. The chamber may also take up their problems and difficulties whenever necessary. But all the other services of the chamber should be given to the full fledged members of the chamber who pay special annual subscription to the chamber. Only these members should be allowed to get elected to the Executive Council of the chamber and to participate in the administration and activities of the chamber.
Such a scheme can be started initially in a few districts of the state where there is considerable commercial or industrial development. Later on it can be extended to other areas.

In case of trade or industry associations, wherever possible, the Government should associate them in the administration of its controls, promotion schemes, executing its plans etc. For instance at present the registration of exporters with the export promotion councils is made virtually compulsory. Without registration, the exporter is not treated as registered exporter and he does not get certain incentives and import entitlements etc. under the existing import policy. On the same analogy, wherever possible, the Government should entrust certain responsibilities on these associations so that this will help them to widen their membership. Of course, it may not be possible to do so in case of all associations. But the larger ones will certainly be able to undertake such responsibilities. The representations regarding problems and difficulties of industries or trade should be encouraged as far as possible only through the associations. These associations should be given representations on various advisory bodies and they should be consulted on all important matters and especially when a new legislation affecting trade or industry is being introduced, and they
Even if this is done, it will help the associations to increase their membership.

In U.K. most of the chambers and associations have membership development committees and the membership is canvassed like insurance policies, sometimes on commission basis. Our associations must undertake similar efforts in order to increase their membership.

10.12 The Secretariat of Associations

The efficiency of any association depends upon the efficiency of its office and particularly its secretary. Like the elected ministers, the honorary office bearers come and go. But it is the office secretary who ensures not only continuity of its functioning but tries to develop requisite technical expertise to safeguard the interests of the association. In today's situation he has to be a highly competent person, as competent as a senior executive of any business house. Since he has to deal with a variety of subjects, he has to be a man of many parts, has to know a little of many things and he has also to know that a little knowledge is a dangerous thing.

But barring some exceptions, the situation in many associations and especially in smaller associations is not very desirable. That is why they are being criticised many times. Recently Commerce weekly in its editorial notebook while criticising them said, "More often than not, Secretaries of Chambers are poorly paid. Their selection is made by seniority without any regard to their competence."
Their work is more appreciated if they function as yes-men. It might be easy for the honorary office-bearers to carry on the work of the chamber with such yes-men. But it is not realised that spineless secretaries are ill-situated to carry out the extremely complex task which is entrusted to them.¹

Though this is a little exaggerated statement, unfortunately, such a situation prevails in many small associations. These associations do not have sufficient resources to engage a senior person and therefore they have to carry on with comparatively junior persons. But in case of most large organisations, there are competent persons to look after the day to day administration.

The work of the secretaries is likely to undergo a sea change in the coming years. At present in many cases the secretaries of chambers of commerce and trade associations and their assistants are merely the callers of meetings, the compilers of agenda and minutes and the drafters of memoranda.² In other words the activating influence of

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² The secretaries of chambers of commerce and trade associations are expected to be good drafters of memoranda. An interesting example of such a powerful pen of Mr. John Marshall who was secretary of the Bombay Chamber from 1884 to 1898 is given in the history of this chamber. Mr. Marshall was also secretary of the Millowners' Association and on one occasion he had to draw memorials to Govt. on behalf of both the Bombay Chamber and Millowners Association. The

Continued/..
these bodies is at present from without. But now the initiative has to come from the secretary and lot of original work will have to be done by him. For instance, it is no longer necessary or advisable to wait for complaints from members or intervention by Government. Action has to be initiated at an earlier stage if it is to be effective.

The administration of commerce and industry has become a matter of such complexity in recent years that it is impossible for the secretary alone to keep pace in detail. These associations and chambers will have, therefore, to recruit on their staff specialised officers in such subjects as excise, labour, company law, taxation, import licensing etc. and the importance of such specialised staff is likely to grow in the immediate future. In the early part of this chapter a number of common services which these chambers and associations can undertake have been indicated. There is a great need for these professional services and chambers and associations can arrange them by appointing specialised staff in their organisations.

views of both the bodies on the matter to be dealt with - cotton excise duty - were however an acute opposition. But Marshall did express with such ability the two divergent points of view and with such skill and conviction did each memorial attack and destroy the arguments and conclusions of the other, that Government found themselves in the uncomfortable dilemma of being simultaneously persuaded to concur in both. This was a dialectical triumph for a man serving two masters, and so well done that each was completely satisfied. R.J.F. Sullivan, One Hundred Years of Bombay Chamber, p. 273.
This does not mean that the importance of committees of these associations will decline. Even after specialists are appointed, formulating views on many technical matters can be done by pooling of expert knowledge of the concerned members and the specialised staff with them. The system of functional sub-committees devised by the Bombay Chamber is the most ideal set up for this purpose. This sort of set up needs to be emulated by other organisations as well. The combined expertise of so many seniors is available through these sub-committees and for the specialist on the staff of the chamber it is easy to consult them and then formulate the considered views of the chamber on any issue. It is my personal experience that the discussions at these small technical sub-committees are exceedingly useful where many small issues are discussed threadbare and the views are crystallised.

As we have seen earlier, most of the chambers and associations have very small staff and hardly very few of them have specialists on their staff. It is true that all small associations cannot appoint specialists on their staff and it is not necessary also. They can borrow services of such specialists from the large trade associations or the regional chambers of commerce. As regards the existing secretarial staff of these associations, in order to help them to improve and meet the changing needs, some organised system of imparting training to them is
absolutely necessary. The curriculum can include drafting of the memoranda, details about the functioning of Indian economy, economic policies of Government, procedures relating to various systems of licensing, office administration, regional planning, organisation of common services, an understanding of the political issues involved etc.

Sometime back, the Federation of Indian Chambers of Commerce and Industry had announced a training programme of a similar nature, but so far it has not materialised. It is high time that some all India organisation, or a leading chamber or a Research Foundation takes a lead in organising a training programme along these lines for the association and chamber staff.

10.13 The Finances of the Associations

Finance is the crux of any problem of reorganisation of these associations. At present most of the associations have very poor finances with the result that they do not have adequate staff, neither they can undertake organising of common services for their members. Apart from membership subscription most of the associations do not have any other source of income.

If this picture is to change, something must be done to improve the financial position of these associations. What can be the possible sources of revenue apart from the membership subscription?

If the scheme of maintenance of trade register is
introduced, the district chambers of commerce will find this a good source of revenue. As indicated earlier, fees for registration can be charged on all commercial and industrial establishments in the region and these fees may be based on the population of the city or the area, the level of commercial or industrial development of the region and the size of the unit registering.

Members are expected to pay for the special services in the field of labour, excise, taxation, bank assistance, group telex, document copying, etc. and these services if properly organised will yield a good revenue to the concerned associations. All these services may not yield a surplus, but they must be so organised that these services should at least pay for themselves.

For some special activity, grants may be obtained from different sources. For instance, the Indian Council of Social Science Research has developed a series of programmes of grant-in-aid to promote research in social sciences and to facilitate its utilisation. The ICSSR gives research grants for research projects undertaken by an Institution. It also gives publication grants for publishing results of a research work. So far very few chambers and trade associations have undertaken research projects. But if they want to undertake activities in this field, they can make use of the schemes of financial assistance of ICSSR.

The Maharashtra Government has passed in 1967 Maharashtra
Public Libraries Act 1967 (Mah. XXXIV of 1967) in order to encourage setting up of public libraries all over the State. According to this Act, public libraries are classified into A, B, C, D circulating library and village library. The State Government gives building and equipment grants as well as maintenance grants to these libraries. A maximum amount of Rs. 75,000 is given by way of capital grant and a maximum amount of Rs. 15,000 is given as maintenance grant to each library under this scheme. If the chambers of commerce and trade associations want to start trade libraries and industrial information centres at different places in the state, they can take advantage of financial assistance under the scheme. For this purpose some modification in the present Act and rules made thereof would be necessary. At present the Act does not provide assistance to specialised trade libraries. A provision will have to be made therein to this effect and since these libraries would involve a considerable capital as well as maintenance expenditure, the amounts of grants will have to be increased. It would not be difficult to introduce amendments to the Act if the leading chambers and trade associations press for the same and show their readiness to run such libraries in different centres.

The associations can also expect special grants for such trade libraries and information centres from Government, State Industries and Investment Corporation of Maharashtra,
Maharashtra Small Scale Industries Development Corporation, and various other regional development corporations. Already SIICOM has given financial grants for such projects to Vidarbha Industries Association and Aurangabad District Industries Association. Thus if such schemes are properly formulated, the other associations can also expect some financial assistance from these corporations.

In Gujarat, the Government of Gujarat, since 1961, has been giving annual grants to Gujarath Vepari Mahamandal (Gujrath Chamber of Commerce) to run an Industrial Information Centre "with a view to encouraging the establishment of industries, small, medium and large scale in the State and making them available all assistance and advise to those desirous of setting up such industries." The grant is 50% of the total non-recurring expenditure incurred on the centre but not exceeding Rs. 15000 and 50% of the total recurring expenditure not exceeding Rs. 25000. The Maharashtra Government should similarly extend financial assistance to the leading chambers and associations at different important centres in Maharashtra like Nagpur, Aurangabad, Nasik, Poona and Kolhapur. The local associations, of course, will have to take a lead in the matter.

Similar grants be also given by the State Government

1 Resolution No. FYP.1061-G11 dated 23rd March 1961 passed by the Health and Industries Department of the Govt. of Maharashtra Gujarat.
to these associations whenever they undertake special activities in which there is community service aspect. One can here think of training programmes for unemployed engineers, commercial apprenticeship schemes, hobby classes, family planning, industrial liaison services, advise to small scale industries etc. There is nothing new in this suggestion. In 1962, before the creation of Market Development Fund, a scheme was devised by the Government of India to give financial assistance to chambers and trade associations for conducting market surveys abroad, executing publicity campaigns, arranging special marketing services, maintaining stockpiles of raw materials etc. Even now under the Market Development Fund, recognised associations can get financial support for specific projects in the field of exports.

The associations can also undertake specific industry sponsored schemes in special areas. For instance a research project in Thana Kalyan area of Maharashtra Economic Development Council has been entirely financed by a Business House. Similarly schemes like family planning, training programmes, hobby classes can be sponsored by an industrial house. The associations may organise these programmes with such financial support.

1 Resolution No. 37(1) BP (Coord)/62 dated 23rd Nov. 1962 passed by the Ministry of Commerce and Industry (Development of International Trade).
Some activities like commercial directories, exhibitions can be self financing. These activities can be planned through the advertisement support of the members. For exhibitions naturally the participants may be charged participation fees and revenues may be raised.

If activities are conceived and planned imaginatively, the finances can be generated. The industry and trade so far has not failed to support worthwhile activities. But the activities must be worthy of their support and they must be planned and executed properly. It is here that many of our associations are lacking.

There is another aspect which should be considered while discussing the problems regarding raising financial resources by these associations - and that is the problem of taxation. At present the mutual income - i.e. the income from membership subscription is exempt from taxation. But all other income is taxable. Thus if any activity results into excess income there is always a fear of such surplus income being taxed. This puts severe limitations on the efforts of these associations to improve their finances. Since these are non-profit making bodies and no part of their excess income is distributed by way of dividends, it is necessary to treat incomes by these associations as non-taxable. They should be treated on par with educational institutions if necessary by keeping certain provisions and
safeguards. This will help considerably the associations who would like to generate more resources by way of offering common services to their members and by undertaking more activities.

10.14 Conclusion

Neither industry nor Government has explored the full possibilities of improving efficiency by cooperating through associations. This neglect has resulted into weak, unorganised associations and neither the industry, nor the Government, nor the community derives any benefit from such weak organisations. Hence their finances need to be improved, their organisations need to be strengthened and some specific assignments be given to them. For such a reorganisation a minimum government intervention is necessary and the associations should not grudge against the same. We have the pattern of good work available in the case of export promotion councils, and cooperative research associations. This has been brought about by a mutual collaboration between government and private business. The same pattern needs to be adopted in case of other business associations so that they become active, and well organised bodies and useful to the community.

Need for economic development is urgent, and it is of highest importance that the work of the chambers and trade associations is of the highest standard. The general view emerging from this study is that the chambers and associations
in the Maharashtra State are performing a useful function, but that their usefulness can greatly be increased. Since in the nature of things there exists a tendency to self satisfaction and complacency in the chamber and association circles, there is a need to stimulate them in various ways to ensure that their full potentialities are developed.