

CHALLENGES AND FUTURE TRENDS IN COMMERCE EDUCATION IN INDIA

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Abstract

The growing phenomenon of globalization, liberalization and privatization has been immensely influencing the Commerce Education. Today India holds a very high position, next to China only, among the fast growing economies in the world. The annual growth rate of GDP in India has increased from 2-3% during 1950s to 8-9% in 2006-07. With the transformation from regulations to liberalization, nationalization to globalization and from planned economy to open market economy, there has been a sea change in the trading and industrial spheres of the country. The wave of change also enters into the service sector. On the other hand, India witnesses a considerable growth in the field of higher education also. The ratio of enrollment of the students with higher educational institutions has increased from 1% of the total number of eligible population (i.e., people belonging to the age group of 18-23 years) in 1950-51 to 10% at present. Commerce education is business education. Commerce education is that area of education which develops the required knowledge, skills and attitudes for the handling of Trade, Commerce and Industry. The recent commerce education has emerged in the form of Chartered Accountant, Cost and works accountant, Company secretary and Business administrator. Commerce education is a totally different from other disciplines. Hence, it must charter new routes to service the aspirations of the nation. The present article modestly attempts to address certain relevant issues in connection with the challenges and opportunities faced by the commerce education in India in this dynamic business scenario.

Keywords: Higher Education, Commerce, Students, Business, E-commerce. Finance

Introduction

Commerce is one of three fundamental academic streams, the other two being humanities and science. Commerce is a division of trade or production which deals with the exchange of goods and services from producer to final consumer. It comprises the trading of something of economic value such as goods, services, information or money between two or more entities.

While pursuing a course in the field of commerce, one acquires the knowledge of business or trade, nature and fluctuations in market, basic of economics, fiscal policies, industrial policies etc. The concept of commerce consists of a wide range of interdisciplinary branches including Accountancy, Business Administration, E-Commerce, Finance, Economics and Marketing. Since the Indian economy is one of the fastest growing economies among the third world countries, the need for talented professionals, who can contribute towards the growth of the economy, is increasing. To serve the purpose, many commerce colleges in India are imparting quality education. A commerce aspirant can pursue course related to the field at any of the colleges and work on organizations that deal with finance and commerce. To meet the growing needs of the business society, there is greater demand for sound development of commerce education. The relevance of commerce education has become more imperative, this means a marked change in the way commerce and management education is perceived in India. Through teaching, research, and service, the College of Commerce is dedicated to developing tomorrow's leaders, managers, and professionals.

Meaning of Commerce

Commerce is the strongest and most influential social institution in all societies these days. It is a social institution which provides goods and services. Commerce is operated for a profit-that is, individuals using the system find it advantageous to pay a money price to have other individuals make goods and render services for them. Commerce is owned privately by individuals or group of individuals or by Government or partly by Government and partly by individuals; it competes with other commercial units to make goods and render services of the highest quality, at the lowest prices and in the shortest possible time; and it is regulated by the Government.

Meaning of Commerce Education

As a branch of knowledge, Commerce imparts experience of business world at large in all its manifestations. It prepares its learners for personally fruitful and socially desirable careers in the field of business. *Chesseman* defined Commerce Education As - "Commerce education is that form of instruction which both directly and indirectly prepare the business man for his calling." Fredrik G. Nichols defined as - "Commerce education is a type of training which, while playing its part in the achievement of the general aims of education of any given level, has for its primary objective the preparation of people to enter upon a business career, or having entered upon such a career, to render more efficient service therein and to advance from their present levels of employment to higher levels." During the post independence era, commerce education has emerged as one of the most potential pursuits in the wake of industrialization. Most of the Education Commissions constituted in post independence India to explore higher education have undoubtedly held that the commerce education is primarily meant for providing the students in-depth knowledge of different functional areas of business so as to prepare people required by the community for the purposes of trade, commerce and industry. Commerce education has achieved an important position for the aspiring students' community. This is substantiated by the fact that enrolment of commerce students has been substantially increased from 0.36lakh in 1950-51 to 20 lakh at present and the share of commerce students in total enrolment has increased from 17.1% in 1975-76 to 25% in 2005-06 and 49% at present.

Importance of commerce education

Commerce education in our country has been developed to support the growing manpower needs of business enterprises. The education imparted to the students of commerce intended to equip them with the specialized skills useful in different functional areas of trade, commerce and industry. Continuous supply of quality manpower is essential for the growth of the industry sector. This necessitated the skilled manpower to manage the process of industrial reconstruction and the rapidly growing trade and commerce. However, over the years, there has been a fundamental shift in the very approach of commerce education; from a professional to a theoretical education. With a quantum jump in business scenario, there is a need to redefine the commerce education in the changing scenario and strengthen it further. The Commerce education plays an essential role in today's dynamic business environment. The rapid trend of

globalization and technological changes have made difficult for organizations to survive in the competitive world. As a result the importance of Commerce education has been increased many folds. Business executives need to update their skills due to sudden changes in the external environment. Due to the increasingly complex nature of organizations and businesses, there is a need that the business schools impart relevant, current, and cutting edge knowledge to the students. The School of commerce should play pivotal role in equipping our future dynamic managers with the emerging trends of Commerce skills to face the challenges of dynamic business world.

Review of Literature

Robbins Committee (1968) was appointed (i) to review the pattern of higher education in Great Britain; and (ii) to advice the government about the rules to be adopted for the long term development of higher education in the light of national needs and available resources. It pointed out the rising level of public expenditure on higher education in Great Britain. The committee observed that there was a substantial increase in public expenditure on the higher education, including capital and current expenditures, loan charges, and maintenance of infrastructural facilities created in the UK during 1954-63.

Vaizey and Sheehan (1968) pointed out the dramatic changes which had happened in the British education system and indicated the true trends in educational expenditures in that country from 1920-1965. The study observed that the share of educational expenditure in the country's GNP had risen from 2.5 per cent between the two World Wars to five per cent in the mid-1960s. During the same period, its share in total government expenditure had also increased from 13.5 per cent to 18.9 per cent.

The report of *National Knowledge Commission (2006)* also recommended the various public and private sources of financing of higher education and also feels that it should be the collective responsibility of both the public and private sectors. Among the various possible source of financing: government support; better asset management; rationalization of fees; philanthropic contributions; private investment; public-private partnerships and international students have been recommended. Even, the *Yash Pal Committee (2009)* recommended state funding as a major source of financing of higher education, however, student loan at low interest rates and free education for poor students will also move side by side.

Panchamukhi (1965) measures the public expenditure on education in India. The study estimated the total cost of education for the period 1950-51 to 1959-60 and concluded that total cost of education constituted 6.2 per cent of GNP in 1959-60. The study also calculated the various components of private and institutional costs of education, foregone earnings for males and females, village and town pupil separately. The study estimated that foregone earnings constituted major proportion of total factor cost of education. The total cost of education was found to stand between 5 per cent and 6.5 per cent of national income in 1960-61 and not 2.5 per cent of institutional cost alone.

Poe and Viator (1990) examined US University administrator's perceptions of the relative importance attached to research, teaching and other services in evaluating accounting faculties. *Peel et al (1991)* analyzed the perceptions of two groups of accounting students in a British university regarding the understanding of accounting concepts. *McLanen (1990)* examined practicing accountants and accounting academics in New Zealand regarding communication skills needed by accountants. A study by *Rehman and Saha (1996)* pointed out that the number of accounting researches in comparison to researches conducted in other allied areas of Commerce or business studies in India is far less.

Objectives of the Study

The main objectives of this study are as-

1. To find out the challenges in the area of commerce education
2. To identify future trends in commerce education.

Contents of commerce education

Commerce offers foundation for many professional careers like Finance, Planning, Accountancy, Tax Practitioners, Banking and Broking etc, besides academics, research, and many more. Persons having flair for accounting, finance, commodities, marketing and trading etc. generally choose Commerce. As a stream of study, Commerce can be studied the Higher Secondary level. This paves the way for higher studies in commerce related subjects. The undergraduate and postgraduate Education in Commerce is offered at University departments and colleges spread all across the country. Specializations are offered at post graduate and at research levels. A number of subjects can be studied under disciplines of Commerce in conjugation like;

Accountancy, Economics, Mathematics, Business, Finance, Marketing, etc. Most commerce colleges in India offer the following subjects in their curriculum:

- **Business Economics:** This would cover concepts like the laws of demand and supply, law of returns, elasticity, theory of pricing under different market forms etc.
- **Financial Accounting:** This subject would deal with the preparation of financial statements like – Profit and Loss statements, Balance Sheets and Final accounts of a company, knowledge of Indian and international accounting standards, calculation of depreciation and valuation of shares and goodwill of a company.
- **Cost Accounting:** This would include process, job and contract costing, costing of overheads, standard and variance costing and budgetary control.
- **Income Tax:** This would encompass the nature and basis of charge of income tax, tax planning, tax deduction, incomes not taxable etc.
- **Auditing:** This would deal with vouching, valuation and verification of transactions, assets and liabilities. It will also include studying the auditing of different organizations like clubs, hospitals and charitable concerns.
- **Business Finance:** This would include in its scope financial analysis as a diagnostic tool, the management of working capital and its components as well as capital structure leverages.
- **Business Law:** This subject would discuss the different laws in India relating to, among others, the Companies Act and the Consumer Protection Act.
- **Marketing:** This subject would deal with products, pricing methods, promotion, channels of distribution, logistics etc.

Challenges in Commerce Education

Commerce is considered as one of the most popular career options in India. Commerce education is the backbone of the business and serial development of the nation. This education stresses on developing the people and making effective use of available resources. Commerce education develops the relationship of people with one another. Commerce education covers wide area of business and society. Commerce education provides to the business and society that how to use it for the betterment of self and oneself. Commerce education gives to the people for democratic

living, good citizenship and proper utilization of resources. It provides skill oriented education to students and society.

Challenges

- Challenges and Strategies for controlling inflation and promoting growth.
- Emerging issue in global Economy, Commerce and Management.
- Internationalization of Financial Market in the World.
- Role of Foreign Direct Investment and Foreign Institutional Investment.
- Reform in Indian and International Economic Sectors
- Challenges and Strategies of IMF and WORLD BANK for International competition.
- Challenges and Strategies merger and acquisition strategies for Trade, Commerce and Industry in World.
- Challenges and Strategies for commodities markets in the world and in currency market in International scenario.
- Challenges and Strategies for export and import of Trade, Commerce and Industries in global scenario.
- Challenges and Strategies for Stock Market and Investors for International competition.
- Challenges and Strategies in Currency Market in International scenario.

Current Trends in Commerce Education

- **E-Commerce:-** E-Commerce involves conducting business using modern communication instrument like Internet, Fax, Telephone, E-data interchange, E-payment, Money transfer system. E-Commerce provides multiple benefits to the consumers in the form of availability of goods at lower cost, wider choice and save times. People or Consumer can buy goods with a click of mouse button without moving out of their house or offices. Similarly, online services such as Internet Banking, Tickets includes Airlines, Railway, Bus Bill Payment, Hotel Booking etc. have been tremendous benefit for the customers. E-Commerce education has been phenomenal in making a deep impact on higher education. Growth in the Internet over the last few decades has led to great impact on communication and research in the institutes. E-Commerce education has opened new

avenues for Cyber law studies. It need not be stated that the importance of Cyber laws has increased by leaps and bounds in the recent years With hundreds of Cybercrime cases every day, awareness and knowledge about Internet has become more important- Commerce education not only equips students about latest career development advancements, it also opens door for access to information and knowledge.

- **M-Commerce:** - M-Commerce is the Force of E-Commerce's future. Both the telecommunications industry and the business world are starting to see M-Commerce as a major focus for the future scope of commerce education.
- **Online Education:** - It has become an important mode of education. Since the regular courses in India are getting very expensive and highly competitive, distance and online education is fast developing as an amazing option for the students E-learning opportunities are immense in India. Even the distance education programs are serving wonderfully. Distance learning can be availed through various types such as interactive CD-ROM programs, Mobile learning programs, Tele courses or Broadcast course via Television or Radio, Postal correspondence programs and many more.

Future Trends in Commerce Education

Educational trends and research that we will see in the coming years include:

- Standards-based education, focusing on outcomes for student learning will be on rise.
- Full-day kindergarten providing more time for in-class experiential learning.
- Research on the economic impact of the child-care industry and its effect on the local community; employment needs are identified to maintain a workforce and this need will be fulfilled through advanced learning and education in commerce.
- Quality Rating Systems, a system of rating the quality of child-care programs that is tied to incentives and reimbursement rates will be introduced by many university and colleges.
- Social Media in the Lecture Hall- Incoming freshmen used to having technology at their fingertips will think it is a good idea to introduce social media or tablet devices in the classroom.

- Rise of Community Colleges- Although traditional four-year universities support many community colleges through articulation agreements. Transfer colleges, both online and on ground, will focus on transitioning students to a four-year college, and students will leverage such programs to cut the price of their bachelor's degree in half or more.
- E-commerce will be on the rise- The rising trend in e-commerce education will be on rise in coming years. According to a research study the no. of e-commerce students will be rise to 100 million in the next few years.
- Academic Oriented Courses- for giving liberal commerce education, for developing quality of mind, logical thinking, initiative, attitude to life and a general understanding of business.
- Vocational/Self Employment Oriented Courses- Taxation, management accounting, financial analysis, cost accounting.
- Job Oriented Courses- Computer accounting, salesmanship, advertising, secretarial practice etc for small jobs.
- Management Oriented Courses- The Institutes of Management in the country are catering to the demands of elitist managerial personnel of industry. We need a second level of personnel to cater to the requirements of small and tiny industry. In India, there are many small and tiny industrial units, particularly in the rural areas which need management orientation and a fair dose of management culture.
- Practical and Skill Oriented Curriculum- Students of Business will be more exposed to practical aspects of conducting business. Thus the syllabus should include more of drafting of reports, minutes, conducting case studies, undertaking project work, field survey, etc.

Conclusion

With a growing emphasis on information, global economy, Higher Education was viewed as increasingly essential for the world's population. Information Technology and Mobile Technology is now forcing education sector to change according to the need of the time. The most emerging dimension of the Business and Commerce education in the 21st century is the need for Business School to use technology and make it integral part of course contents. Education now becomes an industry, there is explosion of technologies and knowledge in all

sphere. The quality of Commerce Education has become a major marketing issue in the changing environment. As per specialization, a practical training should be provided to the students. By making relevant and practical oriented Commerce Education, we may impact global competitiveness to our students. As a part of the society the social awareness among Commerce students is the emerging need of present time.

Commerce education provides immense opportunities to the students for employment but due to lack of employable students, the advantage is not being taken to its fullest extent. Here the participant's viz. university, colleges, faculty, students and society at large along with the regulatory body and Government are equally responsible for the state of the affairs today. All need to come and work together selflessly to bring positive changes in the interest of the students without which the future of the students will be at further risk, result in negative effect on the nation building-the key objective of education.

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