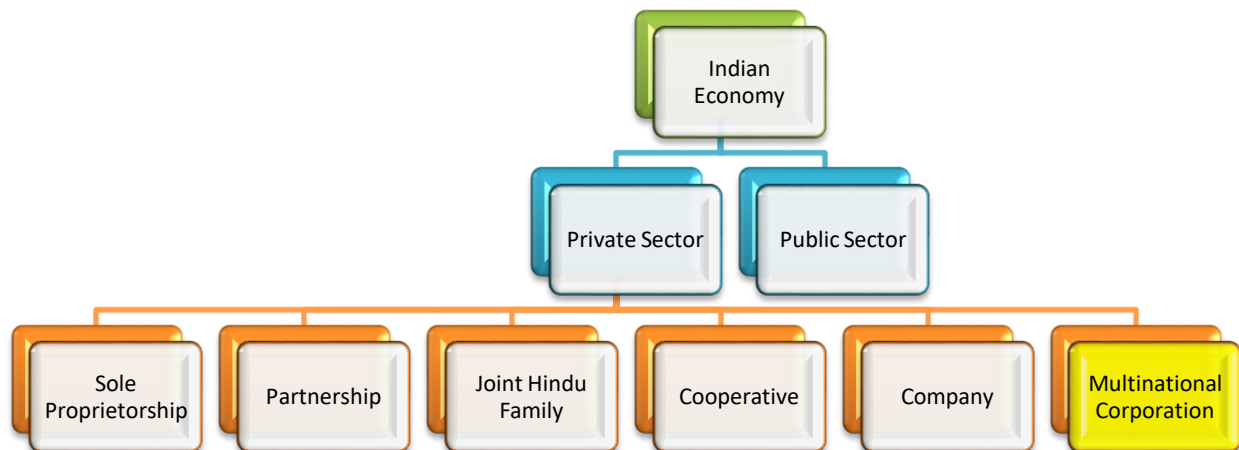


Meta Data of E content (Pre Production)

S. No.	Area of Meta Data	To be Filled by Content Generator(s)
1	Topic	Multinational Corporation
2	Subject	Economics
3	Topic Connected to which area of Subject	Economics
4	Class/Level	IX and XI
5	Objectives	<ul style="list-style-type: none"> • To make the students understand the concept of MNCs • To lay down the important characteristics of MNCs • To provide them information on different countries with MNCs in India
6	Summary	The chapter introduces the concept of MNCs in India and discusses the features of the same. It further lays down the reason for investment in different countries and provides some data on the existence of MNCs in India
7	Key Words	Multinational Corporation, Outsourcing, Network
8	Team of Content Persons	Tasha Agarwal and Jaya Singh
9	Subject Coordinator	Jaya Singh

Multinational Corporation

To provide you with an outline, look at the figure below:



So far, it is clear that Multinational Corporation is a part of private sector of the Economy. With the advent of globalization, the world became one market place. Any country can set their business in any other country. Hence, **Multinational Corporations (MNCs)** are big companies which have set up production unit in more than one country. They are also known as transnational corporations (TNCs). They produce single or more than one commodity. They often exercise control over others for they have huge capital resources and latest technologies.

Features of MNCs

- **They are huge sized corporations**
- **To produce large number of goods and services**
- **They have highly advanced technologies**
- **They have well planned marketing strategies**
- **They have huge foreign collaborations in both public and private sector**
- **They have huge capital resources**
- **Their network of operations are spread across the world**
- **Their centre of control is in their home country**
- **Some also work by outsourcing certain part of their business to other companies.**

Any business requires land, labor and capital to flourish. Moreover, the aim of any business is to adopt input at minimum price and sell output at maximum price. Therefore the setup of business in any country is based primarily on the decision as to the availability of cheap inputs. Country like India, which has large working population, labor is available at very low cost. Therefore, India is one of the prime locations for the set up of MNCs.

Top MNCs which Operate in India



Activity: Among the list of MNCs mentioned above, choose any 5 MNCs and find out their parent country i.e. country of origin

Reasons for growth of MNCs

- They opt to extend their activities beyond the border of the country.
- Their products are at times preferred to local products.
- They resort to efficient advertising and sales promotion to attract the attention of consumer.
- They are also engaged in research and development to popularize their product.
- They opt for the large base to reach out the maximum consumer.
- Some countries provide tax incentives to attract multinationals in their countries.

MNCs have played a very important role in the growth of the nation. Due to the entry of MNCs in the Indian economy, massive employment opportunities have been generated in the nation which has led to tremendous growth of the nation. Moreover, investment in another country flourishes only with good international relations. Thus in order to attract foreign investment, peace and harmony is maintained with other countries. Apart from that, MNCs have also brought in latest technologies of production and has simultaneously developed the research base which leads to further growth of the nation.

Disadvantages with the MNCs

- They prefer to set up their unit where cheap labours are available.
- The setting up of the units in other countries also leads to the loss of the jobs in the host country.
- The local entrepreneurs are discouraged for they lack in terms of capital, technologies and sales promotion activities.
- Huge money flows out of the country for the payment of dividends, profits, loyalties and technical fees etc.

Activity for the Students

Q1) List out the names of two countries which has maximum number of MNCs in India

Q2) Watch the advertisement on television and find out how are the products of domestically owned companies different from that of foreign owned companies