

I. CHOOSE THE BEST ANSWER:

1. A Multinational Corporation can be defined as a firm which
 - (a) is beyond the control of any government
 - (b) is one of the top 200.firms in the world
 - (c) owns companies in more than one country
 - (d) All the above
2. Centralized control in MNC's implies control exercised by
 - (a) Branches
 - (b) Subsidiaries
 - (c) Headquarters
 - (d) Parliament
3. Enterprises operating in several countries but managed from one country is termed as
 - (a) Government company
 - (b) Multinational company
 - (c) Private company
 - (d) Joint Venture
4. Dispersal of decision making power to branches/ affiliates/subsidiaries by head office represent -----
 - (a) Centralization
 - (b) Decentralization
 - (c) Power
 - (d) Integration
5. Coca-Cola company is an example of -----
 - (a) MNC
 - (b) Government company
 - (c) Joint Venture
 - (d) Public company

II. VERY SHORT ANSWER QUESTIONS**1. Define Multinational Company.**

“A multinational corporation owns and manages business in two or more countries.”

- Neil H.Jacoby

2. Write any two advantages of MNC.

- ❖ Its products and services of good quality at low cost.
- ❖ MNCs help to improve the standard of living of people of host countries.

3. Give two examples of MNC.

- ✱ Bata Corporation – Bata India
- ✱ Sony Corporation - Sony India
- ✱ Suzuki – Maruthi Suzuki

4. Name the type of business enterprise which operates in more than one country.

- ♣ Philips - Dutch Company
- ♣ Coco Cola Company – America Company
- ♣ IBM – America Company

III. SHORT ANSWER QUESTIONS:

1. What are the advantages of MNC's?

i. Low Cost Labour

- ❖ MNC set up their facilities in low cost countries and produce goods and service at lower cost.
- ❖ It gains cost advantage and sells its products and services of good quality at low cost.
- ❖ This is not available to smaller companies which operate at regional level.

ii. Improvement in Balance of Payment Position

- MNCs help the host countries to increase their exports.
- As such, they help the host country to improve upon its Balance of Payment position.

iii. Improvement in Standard of Living

- ✱ By providing super quality products and services, MNCs help to improve the standard of living of people of host countries.

2. What are the disadvantages of MNC's?

i. Danger for Domestic Industries

- ✱ MNCs, because of their vast economic power, pose a danger to domestic Industries.
- ✱ Domestic industries cannot face challenges posed by MNCs.
- ✱ Many domestic industries have to wind up, as a result of threat from MNCs.

ii. Deprivation of Job Opportunity of Local People

- ✱ MNCs may not generate job opportunities to the people of home country.

iii. Culture

- ✱ MNCs tend to promote alien culture in host country to sell their products.
- ✱ They make people forget about their own cultural heritage.
- ✱ In India, e.g. MNCs have created a taste for synthetic food, soft drinks etc.

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