



## REALITY BEHIND MULTI-NATIONAL COMPANIES

**Sairabanu.C.K**

*Asst.Professor in Commerce, GEMS Arts and Science College, Ramapuram.*

### **Abstract**

Multinational company or corporation (M. N. C.) is a company that manages its operation or production or service delivery from more than a single country. Such a company is even known as international company or corporation. As defined by I. L. O. or the International Labor Organization, a M. N. C. is one, which has its operational headquarters based in one country with several other operating branches in different other countries. The country where the head quarter is located is called the home country whereas; the other countries with operational branches are called the host countries. Apart from playing an important role in globalization and international relations, these multinational companies even have distinguished sway in a country's economy as well as the world economy. These are not the solitary aforementioned causes of the Nokia, Vodafone, Fiat, Ford Motors and as the list moves on- to flourish in India. As the basic economic data suggest that after the liberalization in 1991, it has brought in hosts of foreign companies in India and the share of U.S shows the highest. They account about 37% of the turnover from top 20 companies that function in India.

**Keyword:** M.N.C, I.L.O,

### **INTRODUCTION**

Multinational company or corporation (M. N. C.) is a company that manages its operation or production or service delivery from more than a single country. Such a company is even known as international company or corporation. As defined by I. L. O. or the International Labor Organization, a M. N. C. is one, which has its operational headquarters based in one country with several other operating branches in different other countries. The country where the head quarter is located is called the home country whereas; the other countries with operational branches are called the host countries. Apart from playing an important role in globalization and international relations, these multinational companies even have distinguished sway in a country's economy as well as the world economy.

These are not the solitary aforementioned causes of the Nokia, Vodafone, Fiat, Ford Motors and as the list moves on- to flourish in India. As the basic economic data suggest that after the liberalization in 1991, it has brought in hosts of foreign companies in India and the share of U.S shows the highest. They account about 37% of the turnover from top 20 companies that function in India.

### **OBJECTIVES**

1. To make a detailed explanation of MNC.
2. To find out the reasons behind the growth of MNC.
3. To find out the merit and demerit of MNC.

### **METHODOLOGY**

The study is primarily associated with secondary data. Data collected from various journals, articles, books and internet.

### **ANALYSIS**

#### **Reason for the growth of Multinational Companies in India**

There are a number of reasons behind its growth. India has got an enormous market. It has also got one of the fastest growing economies in the world. Besides, the policy of the government towards FDI has also played a foremost role in attracting the multinational companies in India.

For somewhat a long time, India had off-putting policy in conditions of foreign direct investment. As a result, there was lesser number of companies that showed interest in investing in Indian market. However, the scenario altered during the financial liberalization of the country, especially after 1991. Government, nowadays, makes incessant pains to attract foreign investments by tranquil many of its policies. As a result, a number of multinational companies have shown interest in Indian market.



### **PROFIT OF MNCS IN INDIA**

It is too spell out that the companies come and stay in India to bring in profit. A company enlarges its sway of work beyond its native place when they get a wide scope to gain a profit and such is the case of the MNCs that have flourished here. More over India has spacious market for dissimilar and new goods and services due to the ever increasing population and the varying consumer taste. The government FDI policies have somehow benefited them and haggard their attention too. The restrictive policies that stopped the company's inflow are however withdrawn and the country has shown much interest to bring in foreign investment here.

Besides the foreign directive policies the labour competitive market, market competition and the macro-economic stability are some of the key factors that create a center of attention the foreign MNCshere.

Following are the reasons behind the growth of multinational companies in india.

- Colossal market would-be of the country
- FDI magnetism
- Toil competitiveness
- Macro-economic stability

### **Merits of MNCs**

There are certain advantages that the underdeveloped countries like and the developing countries like India derive from the foreign MNCs that establishes. They are as under:

- Initiating a higher level of investment.
- Reducing the technological gap
- The natural resources are utilized in true sense.
- The foreign exchange gap is reduced
- Boosts up the basic economic structure.

### **Demerits of MNCs**

- Pollution and Environmental hazards
- Some MNCs come only for tax benefits only
- Exploitation of natural resources
- Lack of employment opportunities
- Diffusion of profits and Foreign exchange Imbalance
- Working environment and conditions
- Slows down decision making
- Economic distress

### **Main MNCs in India**

The country has got many M. N. C.s operating here. Following are names of some of the most famous multinational companies, who have their headquarters of operational branches based in thenation:

1. International Business Machines (IBM)
2. Microsoft
3. Nokia Corporation
4. PepsiCo
5. Ranbaxy Laboratories Limited
6. Reebok International Limited
7. Sony
8. Tata Consultancy Services (TCS)
9. Vodafone
10. Tata Motors Limited.



## REFERENCE

1. R.G. Desai (2001) 'Agricultural Economics' :( Models, Policy issues), Himalaya Publishing House, Mumbai.
2. Dutt and K.P.M.Sundaram, 'Indian Economy': S.Chand and company Ltd., Ram Nagar, New Delhi (2005)
3. V.K.R.V.Rao: 'New Challenge Before Indian Agriculture'
4. Laldeo Singh: 'Green Revolution and Cropping Pattern' Deep and Deep Publications, Rajouri Garden, New Delhi-110027.
5. R.Hali(2009) Olans Productive Kerala Calling Vol.29 No.3 January 2009
6. Economic Reviews 2008,2009,2010. Department of Economics and Statistics Palakkad.
7. Baby Kizhakkekalam (2015) Social dimensions of Green Economy and Sustainable Development.
8. J.K.Chopra 'Indian Economy'(2013), Unique Publishers, New Delhi.
9. Misra &Puri Indian Economy (2011) Himalaya Publishing house.
10. Aggrawal.A.N. 'Indian Economy Problems of Development and planning'(2009), New Age International Publishers.
11. [www.goidirectory.nic.in](http://www.goidirectory.nic.in).
12. [www.kerala.gov.in](http://www.kerala.gov.in).
13. [www.cds.edu](http://www.cds.edu).
14. <http://www.epw.origin>.