Nalanda Open University
Department of Economics

- Name of Counsellor – Dr. Amit Ranjan
- Name of Course Coordinator – Prof. (Dr.) D. N. Jha
- Course – BA Economics (Part –III)
- Paper – VI (International Economics)
- Topic – Role of MNCs in Developing Countries

Introduction of Multinational Corporations

- ‘Those enterprises which own or control production or service facilities outside the country in which they are based’ by Expert Group of the United Nations defining Multinational Corporations (MNCs).
- MNCs are also known as ‘International Companies’ or ‘Transnational Corporations’
- In old histories few examples are Hudson’s Bay Company, East India Company and others.

Types of Multinational Corporations (MNCs)

- Service MNCs
- Manufacturing MNCs
- Trading MNCs

Importance of Multinational Corporations (MNCs)

- Inflow of funds
- Technology Transfers
- Employment opportunities
- Market competitiveness
- Exchange of cultural values

Advantages of Multinational Corporations (MNCs)

- Balance of Payment improvement
- Linkage effect
- Human Resource Capital
- Quality improvement of products
- Improvement in business environment
- Effective management control

Disadvantages of Multinational Corporations (MNCs)

- Creates monopoly in the market
- Removes traditional technology
- High profit orientation
- Affect cultural ethics
- Excessive use of valuable natural resources
- Creates pressure groups in the local politics