



CHAPTER 3 – PRIVATE, PUBLIC AND GLOBAL ENTERPRISES

MULTIPLE CHOICE QUESTIONS

- Government decided to sell the shares in LIC to private sector. This is an example of
 - Disinvestment**
 - Memorandum of Undertaking
 - Reconstruction
 - Rehabilitation
- Indian Railways is an example of
 - Public Corporations
 - Departmental Undertaking**
 - Government companies
 - MNC
- Huge size, large number of products, network of operations all over the world is a
 - Global enterprises**
 - Partnership firm
 - Public sector undertaking
 - Departmental undertaking
- Global enterprises may issue equity shares, debentures or bonds to public identify this feature:
 - Foreign collaboration
 - Huge capital resource**
 - Product innovation
 - Centralized control.
- There are various restrictive clauses in the agreement relating to transfer of technology, pricing, dividend payments etc. is a feature of
 - Partnership firm
 - Government companies
 - Statutory corporations
 - Global enterprises**
- Indian economy is a
 - Socialist economy
 - Capitalist economy
 - Industrial economy
 - Mixed economy**
- Public sector enterprises are organizations owned by
 - joint Hindu Family business
 - Government**
 - Foreign Companies
 - Private entrepreneurs
- Which one of the following is an example of public private partnerships
 - Oil and Natural Gas Commission
 - Delhi Metro**
 - Indian Railways
 - Gas Authority of India Ltd
- All the below are Joint Ventures except:
 - Maruti Suzuki Ltd
 - Kinetic Honda
 - Hindustan Aeronautics Ltd
 - Mahindra and Mahindra**
- A Public Private Partnership ensures higher quality and timely provision of public services.
 - True**
 - False

SHORT ANSWER QUESTIONS

- Departmental Undertaking is the oldest and most traditional form of organising public sector enterprises. List any two features of it

ANSWER

- Funding – Financed through budget allocation.
- Audit and Control – They are subject to Government audit.

- Employees – Employees are Government servants.
- Control – They are subject to direct control by the concerned ministry.
- Accountability – They are accountable to the ministry and the government.

12. Write any three differences between departmental undertaking and statutory corporations.

ANSWER

- Statutory corporation are usually independently financed. While The funding of departmental undertakings come directly from the Government Treasury and are an annual appropriation from the budget of the Government.
- A statutory corporation is not subject to the same accounting and audit procedures applicable to government departments. Whereas departmental undertakings are subject to accounting and audit controls applicable to other Government activities;
- The employees of statutory corporations are not government or civil servants and are not governed by government rules and regulations. The employees of the departmental undertakings are Government servants and their recruitment and conditions of service are the same as that of other employees directly under the Government.

13. Match column A with columns B and C

A	B	C
Funding from the government	Statutory corporation	Foreign collaboration
Special act	Multinational corporations	Employees are government servants
Centralised control	Departmental undertakings	Autonomous organisation

ANSWER

- Funding from the government - Departmental undertakings
- Employees are government servants
- Special act - Statutory corporation - Autonomous organisation
- Centralised control - Multinational corporations - Foreign collaboration

14. Suppose, Kerala Automobiles Limited., registered under the Companies Act, 1956, was started with a paid-up capital of Rs.30,00,000. 40% of this paid up capital is in the hands of private individuals and the balance is held by the Government of Kerala. Kerala Automobiles Limited., belongs to which form of Public Sector Enterprise? Explain its two merits

ANSWER

- Government Companies.
- Merits
 - Easy formation by registration – No need of enactment of special Act in Parliament.

- Separate legal entity – It has separate existence apart from the government.
- Quick decisions – Prompt decisions in time as it has autonomy power.
- Prevents unhealthy business – It can control unhealthy business practices by providing goods and services at a reasonable price.

LONG ANSWER QUESTIONS

15. Rajesh Ltd., is a company established in India. They extended their operations to the UK and the USA by establishing places of business in these countries
- Identify which type of company is Rajesh Ltd.
 - Explain its four features.

ANSWER

- Multinational corporation/Global enterprises
 - Features
 - Huge capital • Advanced technology • Expansion of market territory • Product innovation etc
16. Kochi Metro Rail Corporation Ltd., engaged in the construction of Kochi metro by joining together with Government of Kerala. What are the advantages of such venture?

ANSWER

Benefits of a Joint Venture Business

- Increased resources and capacity – Joint Ventures can easily expand their business and they are able to face market challenges, reap the benefits of economies of scale.
- Access to markets – When a foreign company enters into Joint Venture with an Indian company, they gain access to the vast Indian market.
- Access to technology – Technology adds to efficiency and effectiveness and thus reduces the cost.
- Innovation – Joint Ventures comes up with some new ideas and techniques. Especially foreign partners can introduce innovative products in the market based on their experience.
- Low cost of production – When two firms join hands, they can operate on large scale and reap the benefits of economies of scale.
- Established brand name – In Joint Ventures goodwill of one party can be enjoyed by the other party also. So that this new organization need not take much effort to establish their new brand. Eg., Toyota Kirloskar, Maruthi Suzuki etc.