Privatization and Competition of Multinational Corporations in India

Asia Pacific Journal of Multidisciplinary Research
Vol. 7 No.4, 108-112
November 2019 Part II
P-ISSN 2350-7756
E-ISSN 2350-8442
www.apjmr.com
CHED Recognized Journal
ASEAN Citation Index
Excellence in Research for Australia Accredited Journal

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Date Received: August 27, 2019; Date Revised: November 10, 2019

Abstract – *Privatization and Competition as the two major components of Multinational Corporations (MNCs), are more recently undergoing serious economic threats due to loss of healthy resources and changing parameters of marketing management. As the two key constituents of MNCs, a comparative method is being used to examine the study with an aim to assess the role, performance and prospects of corporate culture in India. The process of Mergers and Acquisitions (M&A) of large number of MNCs have direct implications on gross assets due to alluring competition, cost efficiently, excess expansion of private companies, emphasis on digital resources, and changing attitude of consumers that have direct bearing on human resource management. Consequently, the actions and reactions of two or more parties acting independently to secure profitable business by the third party as favourable conditions often ends in unhealthy competition. The paper examines the selected MNCs in India that are emerging to resettle the business profitability and labour management to maintain the parity with corporate sectors. During the age of globalization, neoliberal agendas have come to play as the powerful bargainer, mediator and negotiator with large number of third world economies, including India to maintain the market forces. Privatization of business and competitive spirits stand for profit motivation, labour disinvestment, patent laws and direct control of domestic economy through web of interconnectivity and interdependent world. MNCs have powerful philosophy of capital incentive that have come to play game with deepening economic to strengthen M&A of interdependent powers in India. M&A of selected companies like Sagar Dusane and AIAIIMS-Mumbai; Native5 Software Solutions Pvt Ltd with BestAtLowest.com, Volvo Buses India's merger with Volvo India Pvt. Ltd. etc, are some noted examples. These have become a very important market entry strategy as well as an expansion policy in competitive world.*

Keywords – *India, Privatization, Competition, MNCs, M&A*

BACKGROUND

Competition during the age of Globalisation

Literally speaking, 'Competition' refers to contest between individuals, groups, associations, and alliances. In business world, competition is associated with companies, customer relations, quality of productions, nature of advertisement, market catchment, consumer satisfactions, sale of products, market access, and popularity of products. Competition is also encouraged through product incentives, dividends, corporate benefits, assessment of knowledge power, economic spirit, self assessment, comparative value, balancing and social understanding. In broad sense, competition in India occurs at three levels: Direct Competition, Indirect or Substitute Competition, and Budget Competition.

Direct Competition: It is often referred as brand or category competition which means the production of goods and services occur at same or parallel level. There are hundreds of products of MNCs in India like cell phones, automobiles, cosmetics, garments, Smart TVs, etc, which often meet to direct competitions. Sometimes, the customers remain in dilemma to choose the best or most likely products. Simply enter in shopping mall and multiplexes to explore and see variety of products with various options, offers and incentives. A customer willing to purchase Nokia Mobile but other products of Panasonic, Sony, Motorola, Oppo, Samsung, BlackBerry, LG, Apple iPhone, HTC, Jupiter, Saygus, and dozens of more MNCs have options in market. It is really a dilemma of competition as which product is the best. Large number of private companies in India launch revised version of mobile phones on regular intervals. Number of online services through Amazon, Flipkart, Myntra, Craigslist, Walmart, Target, Etsy, E-Bay, Wish, and many more highly competitive. In order to avoid stiff competition, the process of Merger & Acquisition (M&A), the electronic devices are now available easily in markets. BPL-Hutch-Vodafone-Airtel, Tata and Reliance takeover are ideal examples. The process of M&A with several nationalized banks in India is already on. State-run Bank of Baroda (BoB) has now become India's second largest public sector bank after its merger with Dena and Vijaya Bank respectively. The amalgamation of the two lenders with BoB with effect from 1 April, 2019 is a well-known example. This is the first three-way merger of the banks in India, making the combined geographical reach of 9,490 branches, 13,400 ATMs with 85,678 employees serving 120 million customers [2]. Several Airlines services like Go-Air, Indigo, Spicejet, Air Asia and Vistara are also in queue. The case of direct completion can be cited from several foreign based universities in India. It include: Sharda, Amity, Lovely Professional, Birla Institute of Technology, Dhirubai Ambani Institute of Management, Nirma University, Manipal Academy, SRM University, Jaypee University, Shiv Nadar University, OP Jindal Global University, Galgotias University, Azim Premji University, etc are some prominent examples [3].

Indirect or Substitute Competition: There are large number of MNCs in India which are not commonly reached to consumers. It is the conflict between vendors whose products or services are not the same but that could satisfy the same consumer needs and aspirations. In an indirect competition situation, the two competing businesses are indirect competitors with several hidden polices, terms and conditions. They contrast with direct competitors, who not only target the same customer group, but also sell the same thing. Pizza Hut and Domino's Pizza, for example, both sell pizzas. Some video conferencing, WhatsApp chatting, twitter, face books are the best examples of indirect competitions.

Budget Competition: It is the broadest, most comprehensive and fashion of the day. Three important factors: financial status, likings- disliking and personal interest are the determinants of budget completion. A salaried person with simply Rs. 20,000/- Per Month and another salaried person with Rs. 2, 00000/- (Two Lakh) Per Month significantly differ in choice, marketing, habits, life style and personal thinking. Budget competition therefore remains determining on economic status and social surroundings. But the parity of budget competition differs from individual to individual depending of way of life style, attitude, social and economic conditions.

Besides, there are also other competitive spirits that include: personal competition, unhealthy-healthy competition, employee competition, contest competition, business competition, understanding competition, etc. Factors like government regulations, company law, share markets, price index, role of tax payers, regulations and deregulations, import- export of goods & services, etc. The following table given an overview of comparative competitions within Indian system.

Table 1. Syllogism of Competition- Indian Scenario

System	Key Features	Remarks/Outcomes
Economic	Competition, Knowledge Power, IT Application, Market Forces, Labour Management, infrastructure. Shares, Public-Private Banking, Corporate Feelings, Aviation Services.	Healthy and Unhealthy Endings, Development, Progress, Dilemma of Dividends, High-Low Index, Good-Bad Assessment. Profit and Loss in Business
Social	Hierarchy, rigidity, Caste factors, Religious Differences. Linguistic variations, ethnicity, race, etc	Feelings, incompetency, social status, alienation, inferior-superior, class consciousness
Political	Political Parties, Money Laundering, Monopoly of power, Bureaucracy, Scams-Scandals, Legislative Mess. Executive Mismanagement, Judicial Power, Chess Game	Horse Trading, Ideology, opposition. Electoral Malpractices, Censorship of Media, Mess of Democracy, Controlled Public Opinion, Snake and Ladders
Psychological	Personality, attitude. behavior character, feelings, emotions, passions, desire, thinking, mindsets.	Ego Consciousness. Prestige, personal interest, instinctual aggression, Darwinism.

Privatisation: A Multidimensional Concept

Privatisation may have several meanings and dimensions. It literally refers to transferring ownership of business, enterprise, agency, public service, private business, distribution of public property and benefits of equal shares or simply free economic policy to benefit the competitive and hard working accompanied with smart policy. Sometimes, Privatisation also becomes a means of government outsourcing of service or function to a private firm in form of revenue collection and law enforcement. It also incorporates buying shares of public or private related management through private equity apart from demutualisation of cooperative firm.

Broadly speaking, privatization, works through measures of ownership, operation and organization which are inter-connected devices of management. In a country like India with overburdened economy, the privatization comes through disintegration of social economy, poor performance of public sectors, overburdened government exchequer, inefficiency, lack of knowledge power, unsatisfactory customer services, negative attitudes, and unhealthy competition between public and private sectors. Today's Modi's Digital India has cases of rapid conversion from flea market to shopping malls, multiplexes, theaters, and many more. But the process of healthy and unhealthy privatization remain a paramount reality of Indian economic system due to poor education, high level of unemployment and industrial sickness of public sectors.

An Overview of MNCs in India

India being a major resource centre with heavily endowed with rich labour inputs has attracted large number of MNCs from Germany, Sweden, USA, Japan, Korea, China, Malaysia and Korea besides several other countries. By a conservative there over 1600 multinational, both micro and macro level companies. Let us have a brief overview of selected MNCs as shown in Table 2.

Apart from the above said there are also large number of MNCs controlled allied services. Some leading examples are: Pepsi-co (Fastest growing coke company), Toshiba (Largest operators of electronic networking), and Tata Consultancy (IT Services, Business Process Outsourcing & business solutions). Other prominent ones are: Atlantic Data Group (Market Research), Oracle India (IT Software), ICICI Securities (Financial Services), Idea, Vodafone, Airtel (Telecom), Cosmic Meltdown Crew (Event Management), TESCO (Retails), Ingram Micro (IT Hardware), IBM (Software), Oxfam (NGO), Bajaj Alliance & Max New York Life (Insurance), Spice jet, Indigo, GoaAir (Air Buses), Kotak Mahindara Bank, HDFC (Banks), ANSR (Printing), DHL Express (Logistics), Cadbury (Milk Products) and Domino's Pizza (Fast Food). In fact the list is exhaustive are number of new companies are being added almost every month in India [4].

Table 2. Selected MNCs in India- An Overview

SL. No.	Name of Firm, Company, Corporation	Overview of MNCs & their families /	Objectives & Features
1.	Maruti Udyog Limited	Since 1981, a Japanese Suzuki India Limited, commonly referred as Maruti Udyog Limited, is the largest automobile manufacturer in India.	Sells range of cars from the entry level Maruti 800, Alto, Ritz, A-Star, Swift, Wagon R, Zen, DZire, Kizashi SX4, Eeco, Omni, Suzuki Ertiga and Sports Utility vehicle Grand Vitara. Average Revenue:US$6.2 billion)
2.	Ranbaxy	Ranbaxy Laboratories Limited since 1961 in India.	Largest pharmaceutical companies with value added services and huge range of affordable cum quality medicines that are trusted by both patients and healthcare professionals all over the world.
3.	Nokia Corporation	Oldest known since 1865. Largest mobile company entered in Indian market in 1990.	Normal mobile handsets, Smart phones, Touch screen phones, Dual and business Phones with digitally powerful features .
4.	Microsoft	Microsoft Corporation India Private Limited, of the U. S. (United States) based Microsoft Corporation, one of the software giants has got their headquarter in New Delhi. Starting its operation in the country from 1990.	i. Microsoft Corporation India (Pvt.) Limited (Marketing Division) ii. Microsoft Global Services India iii. Microsoft Global Technical Support Centre iv. Microsoft India Development Center v. Microsoft IT v. Microsoft Research India . Total Annual Turnover: $74 Billion
5.	Flip Kart	An American online business brain, Flipkart is an Indian e-commerce company founded in 2007, by Sachin and Binny Bansal and headquartered in Bangalore.	Online Shopping of Books, Mobile Phones, Digital Cameras, Laptops, Watches, Clothing & hundreds of other Products at Best Price in India. With extensive support of MNCs products, it is now the biggest online shopping mart.
6.	Reebok International Limited	A global brand in the field of sports as well as lifestyle products- entered in India in 1995	American based since 1890 the largest contemporary fitness movements with artist, designer and producer Swizz Beatz.
7.	Sony	Most reputed Sony Corporation, Established in India in November 1994	leading positions in the field of consumer electronics goods of hundreds of varieties: mobile sets, LCD & LED-Bravia, Camera, etc.

Source: Information is collected from various online sources.

MNC between Privatization and Competition: Indian Scenario

MNCs are simply the logical extension of privatization between Domestic and Foreign goods and services. The emergence of large number of MNCs due to the agents of globalization promote a distorted form of advance capitalism, a borderless economy, a global village, a powerful competitor, environment friendly and rival to *Swadeshi* (Local) products. The profit motivation, labour disinvestment, patent laws and direct control of domestic economy though web of interconnectivity and interdependence world where MNCs proved powerful instruments in promoting large number of private sectors in India. MNCs have powerful philosophy of capital incentive that have come to play with deepening economic integration and interdependence between countries of the world [5].

MNCs, the best private competitors compared Indian companies like TATA„ Birla, Dalmia, Godrej, Hindustan Uniliver etc, are some Most of these Swadeshi Companies virtually failed to compete the largest economic powers like China, Japan, Germany, UK, USA, Sweden, and Italy compared to their unmatched competitive economic spirits, labour inputs, knowledge management and readily available natural resources. Even public agencies like Planning Commission (Now NITI Ayog), FICCI, NDC, EDC and SDC failed to come out with any concrete policy. Adverse factors like political corruption, poverty, unemployment, poor education, industrial sickness, scams, scandals and domination of bureaucracy resulted in fiscal mismanagement. Consequently, large numbering of Young Generation and IT Lovers moved to USA, UK, Gulf China and other developed countries with the fear that domestic products may not compete the liberalized private investors owned by the MNCs.

Historically, the replacement of General Agreement on Tariffs & Trade (GATT) with WTO on 1st January 1995 was the milestone in the history of globalization imposed by large number of private companies was the sign of new economic policies [6]. India's investment policy, skills, knowledge, technology transfer, entrepreneurial abilities and have been forefront agenda for hundreds of MNCs where India Knowledge Management Culture has proudly driven the entrepreneurial abilities. Knowingly well, MNCs now a global umbrella, has earned reputation of having large number of IT Lovers from India. The inception of WTO was instrumental in promoting MNCs in India and several Third World Countries which virtually ended the control of poorly managed traditional economy of India whether public, semi government or private sectors. The Big Bosses of UK, USA, Germany, France, Italy, Belgium, Finland, Japan and most importantly China have made strong footing, well flourishing and earning the share of maximum profits owing to competitive technology and qualitatively better patented management policy. China is above all where socialist reforms and then coupled with liberal democracy during nineties worked as wonders. The Business Like System progressively softened the attitude of outside powers whose requirements of China's integration into the global economy and community found comfortable place. Highly competent and liberalised China formed alliances for economic gains unlike the USA and several West European counterparts which drained money and resources for unproductive causes or simply political gains. China reverted, distanced and contradicted on political gains and whole heartedly coordinated for economic prosperity – a lesson for India and the world. China's emergence as a global player needs to be looked back into the pages of history. Why not India should learn the lesson, remains a subject of debate.

Privatisation of Multinationals in India: Pros and Cons

Today is a world of competitive economy within the private MNCs through heavy capital investment, wider avenues for business, reinvestment of profit and employment opportunities. India being the major economic power, a resource rich in terms of labour investment and well trained IT Professionals have attracted large number of MNCs like Reliance, Maruti Udyog Limited, Nestle, Aviations, Beverage Companies (Coca Cola, Pepsi, etc), Mobile Companies, etc, became the magnetic sources for the best suited financial management services. India entered in private market only after signing the WTO Pact on 1st January 1995 when Dr Manmohan Singh was the Finance Minister of India who is often called as 'Brain Behind India's Economy' which was also accepted by Nobel Laurel Amartya Sen. MNCs traditionally confined to large number of West European countries including Japan and Korea; did play significant role in changing the financial map of India in forms of economic globalization, privatization liberalization, varying consumer tastes and suited to local interest [7].

MNCs in India: Need of Competitive Spirit with *Swadeshi* Companies

World's largest democracy like India with abundance of human and material resources accepted the role of MNCs in general which means a partial implementation. A coin has always two dimensions which is directly applicable to MNCs. Large number of crazy companies heavily equipped with bureaucratic economic policy, several MNCs provide devastating competition for local businesses which may end up closing which creates unemployment leading to Direct conflict between *Videshi* (foreign) and Swadeshi (domestic). MNCs links proved intelligent enough to differentiate between productive and non-productive forces. India's conventionally controlled political economy miserably failed to prevent the intervention of advanced western technology. The exponents of *Swadeshi* believe that the advance technology of MNCs and IT revolution have directly attacked the domestic Indian products that seem to have lost its relevance in the dim of globalization and resulted in neglecting the rural sectors. This has created a dichotomized economy consisting sophisticated computerized urban areas on the one hand and extremely backward rural and semi-urban areas on the other hand. It would automatically create problems of division of labor between rich and poor. Most disastrous part has been direct attack on India's social fabric where large number of domestic industries are forced to de-recruit or terminate the employees due to unwanted workload. It is quite difficult for some governments to exercise effective control over MNCs because they are technologically well equipped and powerful backed with corporate bosses. MNCs have a wide repertoire of tricks to minimize government control, especially taxes. Besides, MNCs are directly responsible for pollution and environmental hazards, exploitation of natural resources, diffusion of profits and Forex Imbalance and slows down in decision makings. MNCs for Indian is so complicated issue that it needs years and years to understand its real intentions.

FINDINGS

Today's India not only needs to change the hidden face of multinationals but redefining and re-structuring the nature of working of global monetary system. Indian minds are still lethargic where officials work without unity of command and span of control. People working in different capacities whether semi sectors, public sectors and private organizations that constitute major workforce, simply cannot be made to put an honest day's work. Ironically, however, the recruitment methods in public sectors, including civil servants immensely lack transparency where files are made and maintained without completing productive works. Young minds of India want to settle in government jobs in ease or otherwise there is a high level of Brain Drain. So, multinationals are definitely a valuable asset for Indian minds. A country cannot progress without updating the legislative rules and traditional way of economic enterprises. Our India is too small to challenge the western hegemony and our knowledge is too limited to examine latent means of MNCs. Instead of Parliamentary institutions, India truly needs a corporate bodies for shareholders, directors, auditors, executives, advisors and staffs whose ideas and values are to be associated with social needs and requirements. Let the spirit of privatization with competitive spirit match together to bring happy endings for a welfare state like India. There is no doubt that the present day world of globalization, MNCs have played an important role in the development of home countries. Prime Minister Narendra Modi's initiatives for 'Make in India', 'Skill India' and 'Digital India' campaigns, inviting Global Companies to invest in India as well as efforts to simplify the Foreign Direct Investments regulations will certainly make India a favourite destination for MNCs in years to come.

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