Private, Public and Global Enterprises

Standard difficulty · 20 questions · 40 marks · Time: 37 minutes

Name: _____ Date: _____ Score: ____ / 40

Show your working for Sections B and C. Answers are on the last page — try every question first!

Section A — Choose the correct answer — 8 × 1 = 8 marks

1. A public sector enterprise run as a department of a ministry is a:

(a) government company **(b)** joint venture
(c) statutory corporation **(d)** departmental undertaking

2. What is meant by “statutory corporation”?

(a) a public enterprise created by a special Act
(b) a huge firm with operations spread over many countries
(c) government and a private firm sharing a public project
(d) two or more firms pooling resources for a common purpose

3. Its directors are appointed by the government, and it can be formed without a special Act. Which form of public enterprise is this?

(a) departmental undertaking **(b)** cooperative society
(c) joint venture **(d)** government company

4. A firm agrees to let a partner use its technology for a fee, keeping separate ownership. What kind of joint venture is this?

(a) contractual joint venture **(b)** statutory corporation
(c) equity based joint venture **(d)** public private partnership

5. Which feature of global enterprises is described: foreign collaboration?

(a) their operations cross national boundaries
(b) they work with firms in host countries
(c) they use aggressive, worldwide advertising
(d) they run research centres to develop new products

6. What does “established brand name” mean as a benefit of a joint venture?

(a) one partner’s known brand helps sales
(b) cheaper materials and labour in one partner’s country
(c) a partner’s advanced methods improve products
(d) pooled funds and skills let the firms take on more

7. The central government holds 19% and a state government 24% of the paid-up capital of a company. What share do governments hold in all?

(a) 24% **(b)** 5% **(c)** 19% **(d)** 43%

8. In an equity based joint venture, one firm puts in ₹13 crore and the other ₹16 crore. What percentage of the new company does the first firm own?

(a) 81.25% **(b)** 55.17% **(c)** 44.83% **(d)** 50%

Section B — Short answer — 8 × 2 = 16 marks

9. What is meant by the public sector?

10. Explain each term: (a) public private partnership (b) joint venture

11. Name the form of public enterprise in each case. (a) It is run by a ministry, and its employees are civil servants. (b) It was set up by a special Act that defines its powers and duties.

12. Name the kind of joint venture. (a) Two firms create a jointly managed company and share its profits by shareholding. (b) A foreign firm makes goods for an Indian firm under a contract, each staying independent.

13. Explain these features of global enterprises: (a) centralised control (b) product innovation

14. Explain these benefits of a joint venture: (a) low cost of production (b) innovation

15. The central government holds 36% and state governments 21% of a company's paid-up capital. (a) What is the total government holding? (b) Is it a government company?

16. In a public private partnership for a road costing ₹300 crore, the private partner pays 60% and the government the rest. How much does each pay?

Section C — Word problems — 4 × 4 = 16 marks

17. Explain the merits and limitations of departmental undertakings.

18. Match each with its meaning: (a) statutory corporation (b) joint venture (c) private sector. Choose from: businesses owned by individuals or groups of individuals; two or more firms pooling resources for a common purpose; a public enterprise created by a special Act.

19. Read the case. (a) Its funds come from the annual budget and its revenue goes to the treasury. (b) It was set up by a special Act that defines its powers and duties. (c) Its directors are appointed by the government, and it can be formed without a special Act. Identify the form of public enterprise in each part and explain it briefly.

20. Navrang Paints (India) and a foreign firm set up a new company together. Navrang Paints puts in ₹22 crore and the foreign firm ₹38 crore. (a) What kind of joint venture is this? (b) Find each firm's share of ownership. (c) Give two benefits Navrang Paints may get.

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Answer key

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Q	Answer	Working
1	**(d) departmental undertaking**	—
2	**(a) a public enterprise created by a special Act**	—
3	**(d) government company**	—
4	**(a) contractual joint venture**	—
5	**(b) they work with firms in host countries**	—
6	**(a) one partner's known brand helps sales**	—
7	**(d) 43%**	19 + 24
8	**(c) 44.83%**	13 ÷ 29 × 100
9	**Organisations owned partly or wholly by the government, either central or state.**	—
10	**(a) government and a private firm sharing a public project (b) two or more firms pooling resources for a common purpose**	—
11	**(a) departmental undertaking (b) statutory corporation**	—
12	**(a) equity based joint venture (b) contractual joint venture**	—
13	**(a) the head office controls branches and subsidiaries (b) they run research centres to develop new products**	—
14	**(a) cheaper materials and labour in one partner's country (b) partners bring new ideas and products**	—
15	**(a) 57%; (b) yes**	36 + 21 = 57; a government company needs at least 51%
16	**private partner ₹180 crore; government ₹120 crore**	300 × 60/100
17	**Merits: effective control by Parliament, public accountability, revenue goes to the treasury, useful where secrecy is needed. Limitations: lack of flexibility, delays from red tape, political interference, insensitivity to consumers.**	—

Q	Answer	Working
18	**(a) a public enterprise created by a special Act (b) two or more firms pooling resources for a common purpose (c) businesses owned by individuals or groups of individuals**	—
19	**(a) departmental undertaking: part of a ministry, funded by the budget, staffed by civil servants (b) statutory corporation: created by a special Act, a separate legal entity with financial autonomy (c) government company: registered under the Companies Act with at least 51% government shareholding**	—
20	**(a) equity based joint venture (b) 36.67% and 63.33% (c) e.g. access to technology, new markets, more resources, an established brand**	22 ÷ 60 × 100