

### Advantages of Horizontal combination in business

The following are the advantages of horizontal combinations:

1. Avoidance of wasteful competition.
2. It ensures better control over markets.
3. It helps realize economies of scale.
4. It aids standardization of products.

### Disadvantages of horizontal combination in business

The following are the disadvantages of horizontal combinations:

1. It may lead to monopoly situations.
2. It may result in restriction of output, increase in prices and exploitation of consumers.
3. When the business grows beyond a particular size, control becomes difficult.

(ii) Vertical Combinations.

### **(iii) Lateral or Allied Combinations:**

Lateral combination refers to the combination of those firms which manufacture different kinds of products; though they are allied in some way.

**Lateral combination may be:**

#### **(a) Convergent lateral combination:**

In convergent lateral combination, different industrial units which supply raw-materials to a major firm, combine together with the major firm. The best illustration is found in a printing press, which may combine with units engaged in supply of paper, ink, types, cardboard, printing machinery etc.