

## ABSTRACT

This study investigates the differences in the prices of MNC fast food chain and influencing factors by comparing prices of both India and Pakistan being developing countries to know about the consumer preference by choosing a particular restaurant in Pakistan as well as to know whether there are price differences, According to the law of one price it is the most important economic issue. Both primary and secondary data is used in this study, primary data is collected from fast food consumers in Pakistan & analysed through SPSS and secondary data from internet, by reviewing articles, MNC publications, data of Big Mac Index and different data sources. Study reveal that there are price differences for same product in different regions in both countries apart from the exchange rate the dispersion is observed by using Big Mac Index as a benchmark for price comparison, Study mainly focuses on the factors causing price dispersion and it reveals that exchange rate, transportation cost, transaction cost, legal restrictions and competition are major factors, According to this study the most influencing factor is cost of raw material due to high imports of raw material in Pakistan and low cost bearing in India due to the preference given to the local suppliers in India as almost 90% of the raw material in Indian fast food industry (MacDonald's) is locally used.

**Keywords:** *MNC Fast food chain, Law of One Price, Purchasing Power Parity, Price Dispersion*