

MARKET STRUCTURE

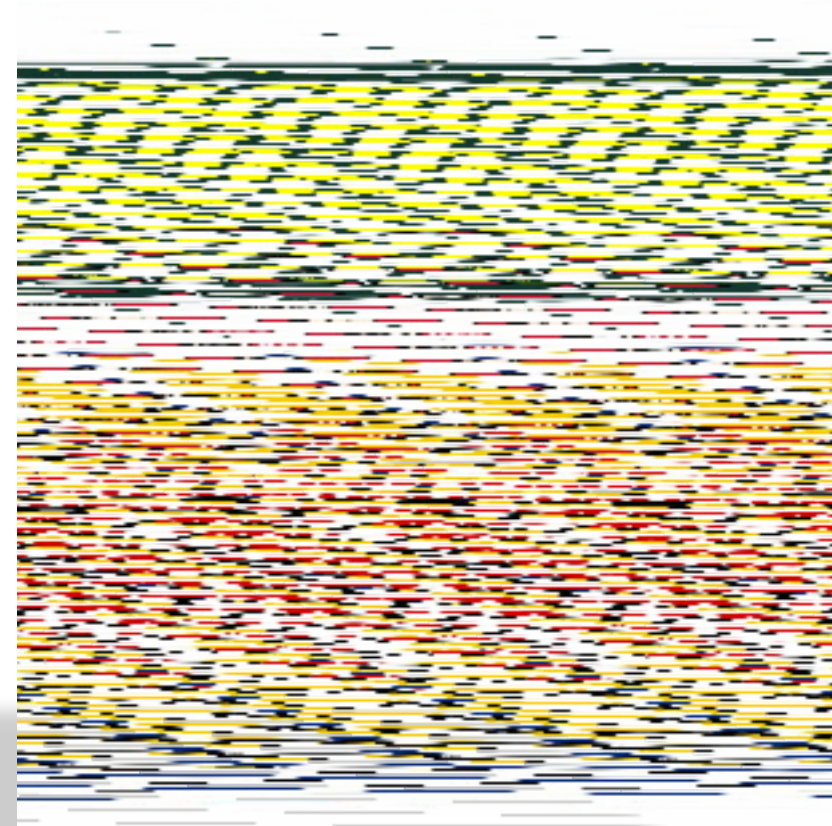
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Market Structure is..

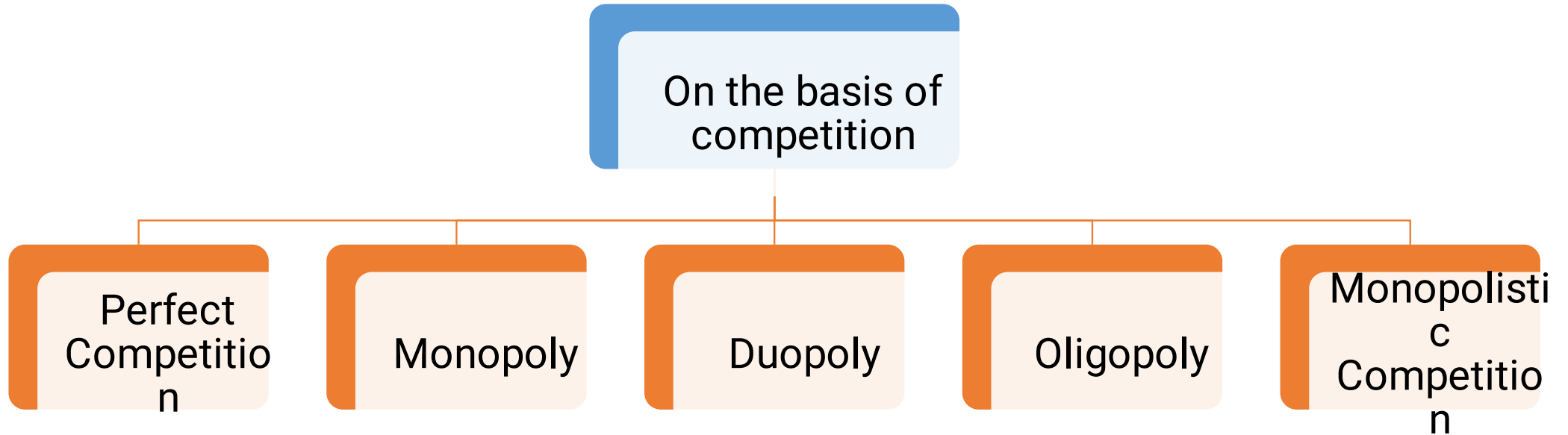
- Market structure refers to the nature and degree of competition in the market for goods and services.
- The structures of market both for goods market and service (factor) market are determined by the nature of competition prevailing in a particular market



Determinants of Market Structure

- Number and Nature of Sellers
- Number and Nature of Buyers
- Nature of Product
- Entry and Exit Conditions
- Economies of Scale

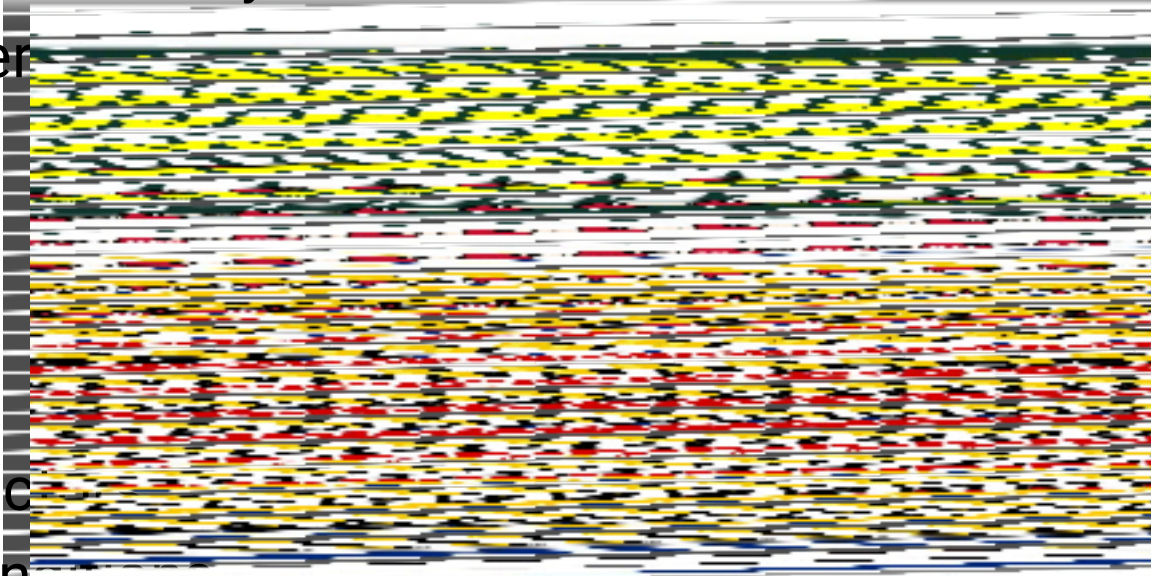
Forms of Market Structure



Perfect Competition Market

According to R.G. Lipsey, "Perfect competition is a market structure in which all firms in an industry are price-takers and in which there is freedom of entry into, and exit from, industry."

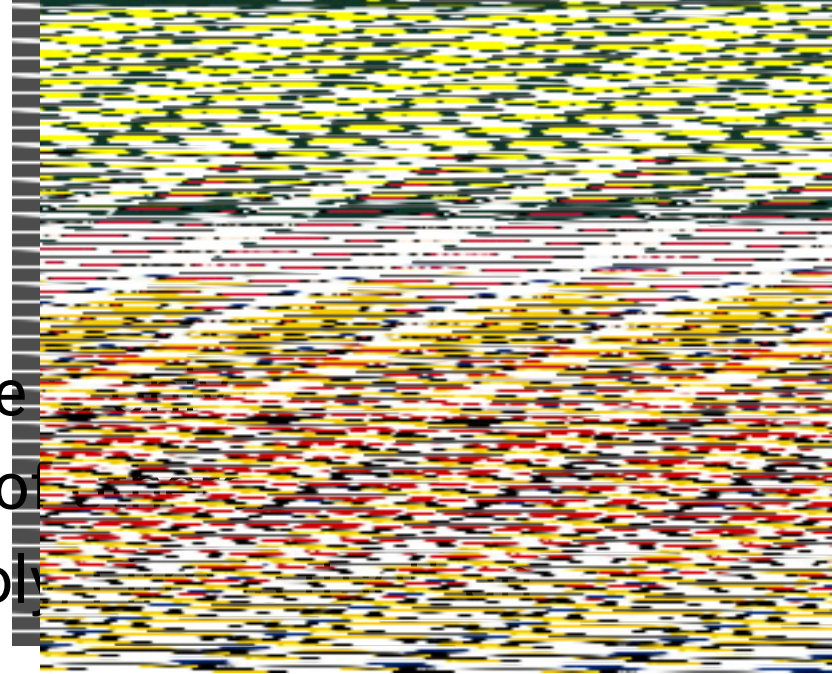
- Large number of buyers and seller
- Freedom of entry or exit of firms
- Homogeneous Product
- Absence of Artificial Restriction
- Profit Maximisation Goal
- Perfect Mobility of Goods and Factors
- Perfect Knowledge of Market Conditions
- Absence of Transport Costs



Monopoly Market

Monopoly is a market situation in which there is only one seller of a product with barriers to entry of other firms.

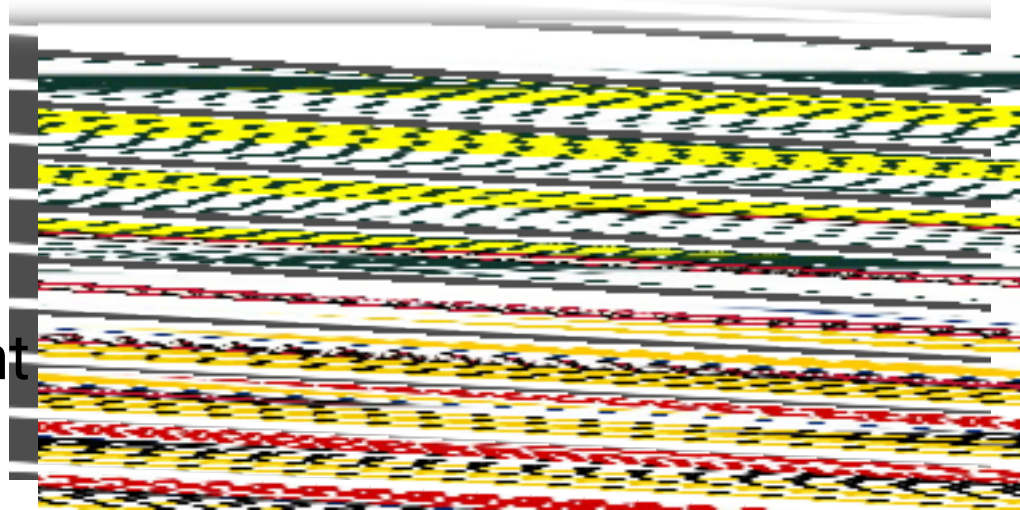
- Only one seller of a product. Under Monopoly, there is only one firm in the industry.
- No close substitutes of the product
- Barriers on entry of other firms
- A monopolist is a price-maker, not a price-taker.
- Monopolist cannot determine both the price and quantity of a product simultaneously.



Duopoly

Duopoly is a special case in which there are only two sellers dominating the market.

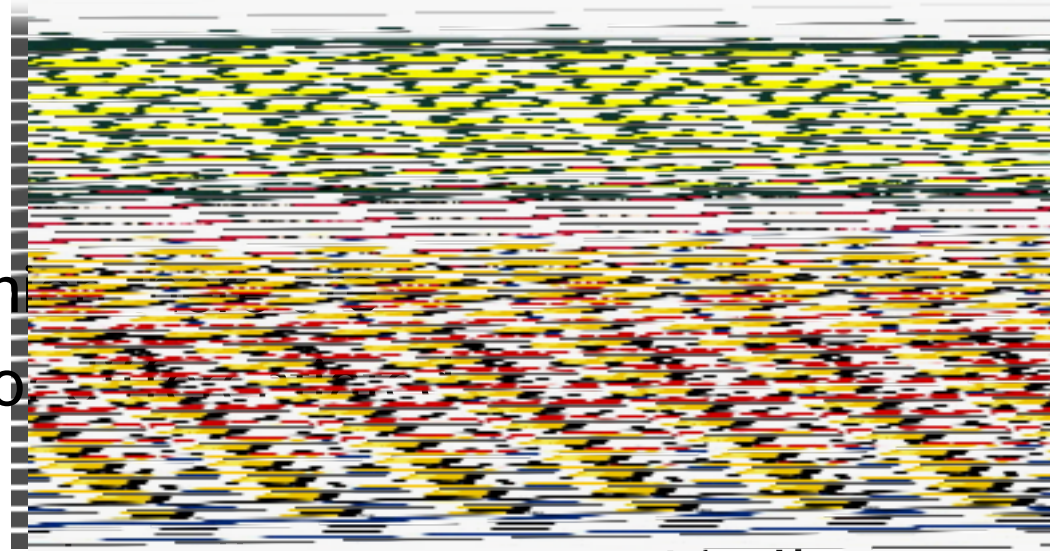
- The sellers are completely independent of each other
- It is a specific type of Oligopoly where only producers have dominant control over the entire market
- A change in the price and output of one will affect the other



Oligopoly

Oligopoly is a market situation in which a few firms selling homogeneous or differentiated products.

- Complete interdependence among the sellers with regard to their price-output policies
- True competition among all the sellers
- No barriers to entry into industry or exit from it in the short-run
- Lack of uniformity in the size of firms. Some may be small, others very large.



Monopolistic Competition

Monopolistic competition refers to a market situation where there are many

firms selling a differentiated product

- Large Number of Sellers
- Product Differentiation
- Freedom of Entry and Exit
- Control over price
- Independent Behaviour



THANK YOU!