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**BUSINESS ECONOMICS**  
**B.COM I (2<sup>ND</sup> SEM) (ENG)**

***Market Structure***

Subject Teacher-

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# MARKET STRUCTURE

- Market structure is the interconnected characteristics of a market, such as the number and relative strength of buyers and sellers, degree of freedom in determining the price, level and forms of competition, extent of product differentiation and ease of entry into and exit from the market
- The types of market structures include- Perfect Competition, Monopoly, Monopolistic Competition, Oligopoly, Duopoly.
- Market structure is best defined as the organizational and other characteristics of a market.

# PERFECT COMPETITION

1. All firms sell an identical product.
2. All firms are price takers.
3. All firms have a relatively small market share.
4. Buyers know the nature of the product being sold and the prices charged by each firm.
5. The industry is characterized by freedom of entry and exit.

It is also referred as “PURE COMPETITION”.

# PERFECT COMPETITION

- Potatoes



- Potatoes are sold in markets where all vendors sell homogenous products at homogeneous prices.
- Example- Potato is sold at markets etc. where all vendors sell homogenous products, i.e. potato.

# MONOPOLY

- A Monopoly is a market structure in which there is only one producer/seller for a product. In other words, the single business *is* the industry.
- Entry into such a market is restricted due to high costs or other impediments, which may be economic, social or political.

# MONOPOLY

Gillette- Razor blade



- Gillette is a razor blade that enjoys monopoly in market because every consumer purchases this brand and this is a trusted brand.
- Gillette Mach 3 turbo sensitive and Gillette fusion are latest version.

# MONOPOLISTIC COMPETITION

- Monopolistic competition is a type of imperfect competition such that one or two producers sell products that are differentiated from one another as goods but not perfect substitutes (such as from branding, quality, or location).
- In monopolistic competition, a firm takes the prices charged by its rivals as given and ignores the impact of its own prices on the prices of other firms.
- Consumers may like some special thing in the particular brand.



# MONOPOLISTIC COMPETITION

## Shoes



- Shoes are produced by many producers but consumers may feel that a particular company is branded or the quality produced by one company is better than the other.
- Different company's shoes can be easily differentiated and despite differentiation each product remains close substitute for the rival product.

# DUOPOLY

Pepsi and Coca-Cola in soft drinks



- In the market Pepsi and Coca-Cola rule in soft drinks. So they come under Duopoly.
- Other soft drinks are also there but these two companies cover large share in soft drinks market.

THANK YOU 😊

ALL THE BEST DEAR STUDENTS....