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HYD.

- ✚ 1 Theory of market structure
- ✚ 2 Market failure
- ✚ 3 Theory of international trade-WTO
- ✚ 4 Structural reforms-Indian economy
- ✚ 5 Public-Private partnership

“Theory of market structure”

At

DR MCR HRD IAP

On

13th sept 2013

MARKET OR COMPETITION ?



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graph TD; A[MARKET OR COMPETITION ?] --> B[PERFECT MARKET]; A --> C[IMPERFECT MARKET]; C --> D[i) MONOPOLY]; C --> E[ii) OLIGOPOLY]; C --> F[iii) MONOPOLISTIC];
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PERFECT MARKET

IMPERFECT MARKET

i) MONOPOLY

ii) OLIGOPOLY

iii) MONOPOLISTIC

PERFECT MARKET

A MYTH?

MAIN FEATURES:

- 1 large no of buyers & sellers
- 2 Product is homogenous
- 3 No transportation cost
- 4 Free entry & free exit
- 5 perfect knowledge of market .
- 6 Price takers
- 7 Equilibrium , where $MR=MC$



INDUSTRY OR FIRM

PRICE DETERMINATION ?

MONOPOLY

Is there any competition?

But limited market

public or private ?

INDIAN CONTEXT ?

Features:

1 single producer\seller

2 price maker

3 no close substitutes

4 loss is out of question

5 price discrimination

6 Equilibrium point $MR=MC$



PRICE DETERMINATION?

SAME AT INDUSTRY & FIRM

WHY?

BOTH ARE SAME

OLIGOPOLY

A FEW SELLERS

features:

1 more selling costs

2 More interdependence in decision making

3 prices are more Rigid \sticky

4 2-10 producers

IS PRICE DETERMINED IN OLIGOPOLY, LIKE OTHERS?

NO

THEN ----- HOW goods be sold?

BY

PRICE LEADERSHIP

MONOPOLISTIC MARKET

A REALISTIC MARKET?

BIGGEST MARKET

Features:

1 product is highly differentiated

2 More selling costs-advertisement

3 very close substitutes

4 cut-throat competition

5 real market.

6 equilibrium point, $MR=MC$

PRICE DETERMINATION?



Q & A

SESSION

Basic Readings:

- 1) A. Koutsoyiannis, Modern micro economics,
Macmillan press ltd.
- 2) Mankiw, Economics Principles and applications
Cengage learning.
- 3) P.A Samuelson, An introduction to Economics
Macgraw international.

THANK YOU