

**STRUCTURE OF MARKETS : Meaning, types of markets and their characteristics (perfect competition, monopoly, monopolistic competition, oligopoly)**

BASIS		PERFECT COMPETITION	MONOPOLY	MONOPOLISTIC COMPETITION	OLIGOPPOLY
1.	NUMBER OF BUYERS AND SELLERS	Large number of buyers and sellers	One seller and large number of buyers	Large number of buyers and sellers	Few sellers and large number of buyers
2.	PRODUCT	Homogenous or identical	Distinct product with no close substitute	Product differentiation with close substitute	May be homogenous (Perfect oligopoly) or differentiated (imperfect oligopoly)
3.	KNOWLEDGE ABOUT MARKET	Perfect	Imperfect	Imperfect	Imperfect
4.	PRICE	Uniform price for all the goods	Price discrimination In different sub-markets of a product	Different prices because of differentiation in the product	Policy of price rigidity is followed
5.	ENTRY & EXIT OF FIRM	Possible as no restrictions over entry or exit of firms	Not possible due to legal or technical restrictions	Possible. No restriction over entry or exit of firms. Though there is no absolute freedom as there has to be product differentiation.	Possible only for those firms which overcome barriers like patents, requirements of huge capital etc.
6.	SELLING COST	No need of selling cost as product is homogenous	Only informative selling costs can be incurred	A huge amount of selling cost is incurred.	Huge selling cost due to severe competition and interdependence
7.	PROFIT IN THE LONG RUN	Earns only normal profit ,because of free entry and exit i.e. $PRICE = LAC$	Earns super normal profit because of his monopoly power .i.e. $Price > LAC$	Earns normal profit because of free entry and exit of firms .i.e. $PRICE = LAC$	Earns super normal profits because of restricted entry and exit of firms i.e. $PRICE > LAC$

8.	SHAPE OF DEMAND CURVE	The demand curve is perfectly elastic	The demand curve is negatively sloped and less elastic	The demand curve is negatively sloped and more elastic.	Demand curve in oligopoly cannot be defined due to high degree of interdependence among firms. Hence, it indeterminate
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GDP,NNP , NDP, Personal income, disposal income