

Course
on
HS205: consumer Behaviour and Welfare Economics
3rd semester
2020

Instructor

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Markets

1. Meaning

2. Types of market:

i. Place

ii. Time

iii. Competition

- i. Place:**
 - a. Local**
 - b. National**
 - c. International**

Markets

ii. Time:

- a. Very short run;
- b. Short run;
- c. Long run;
- d. Very long run

iii. Competition:

- a.** Perfect competition
- b.** Monopoly
- c.** Imperfect competition

c. Imperfect competition:

a. Monopolist competition

b. Oligopoly

A. Cournot's duopoly model

B. Chamberlin's duopoly model

C. Edgeworth's duopoly model

Some concepts related to cost and revenue

i. Cost: AC or ATC, MC, AVC, FC, AFC

ii. Revenue: AR, MR, TR

Characteristics of Perfect Competition

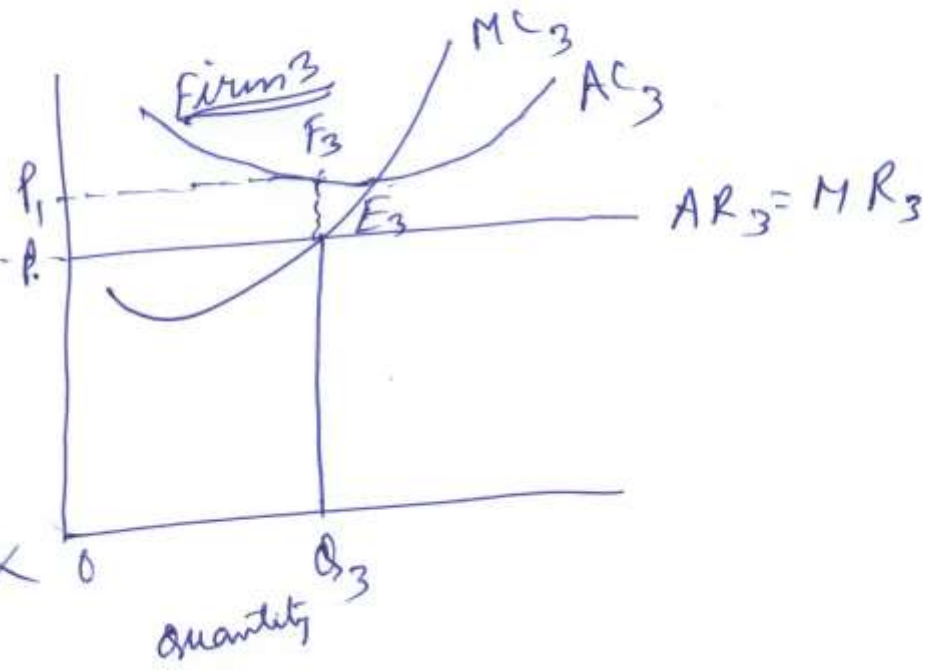
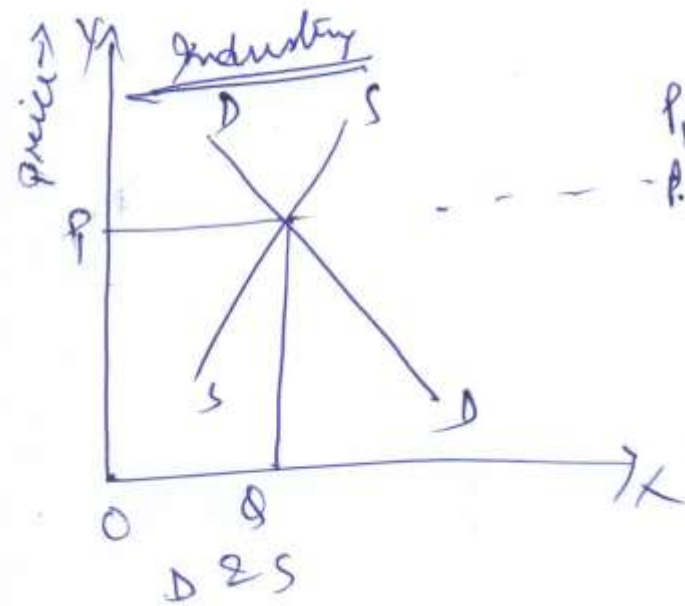
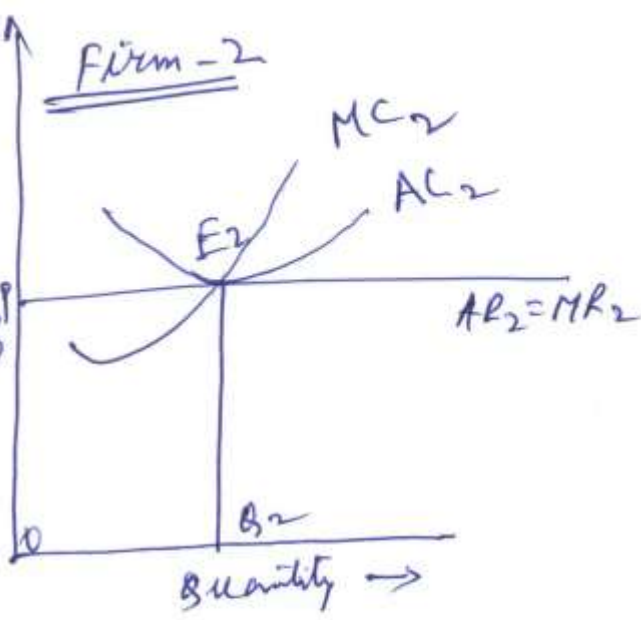
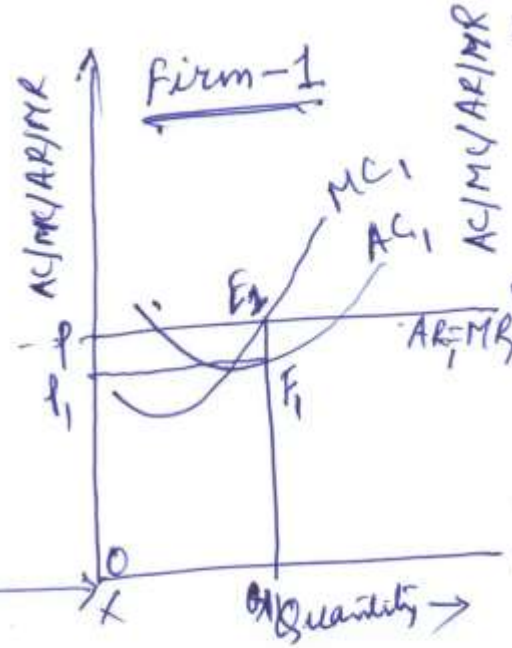
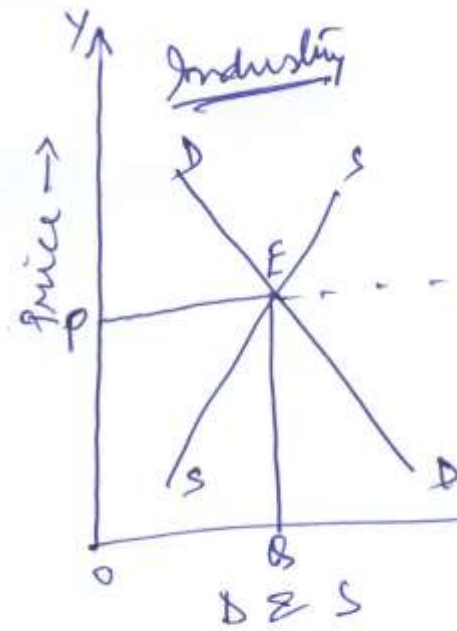
- i. Large no. of buyers and sellers
- ii. Homogeneous products
- iii. Free entry and exit
- iv. Both buyers and sellers possess complete knowledge of the market conditions

Price determination in Perfect Competition

- i. Very short run**
- ii. Short run**
- iii. Long run**

Equilibrium of a firm in Perfect Competition

- i. Short run**
- ii. Long run**



Q1. In a perfectly competitive market, the price of a product is Rs 4 & the TC of a firm is given by

$$C = Q^3 - 15Q^2 + 31Q + 100$$

Find the profit maximising output & max^m profit.