

**Course**  
**on**  
**HS205: consumer Behaviour and Welfare Economics**  
**3<sup>rd</sup> semester**  
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**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

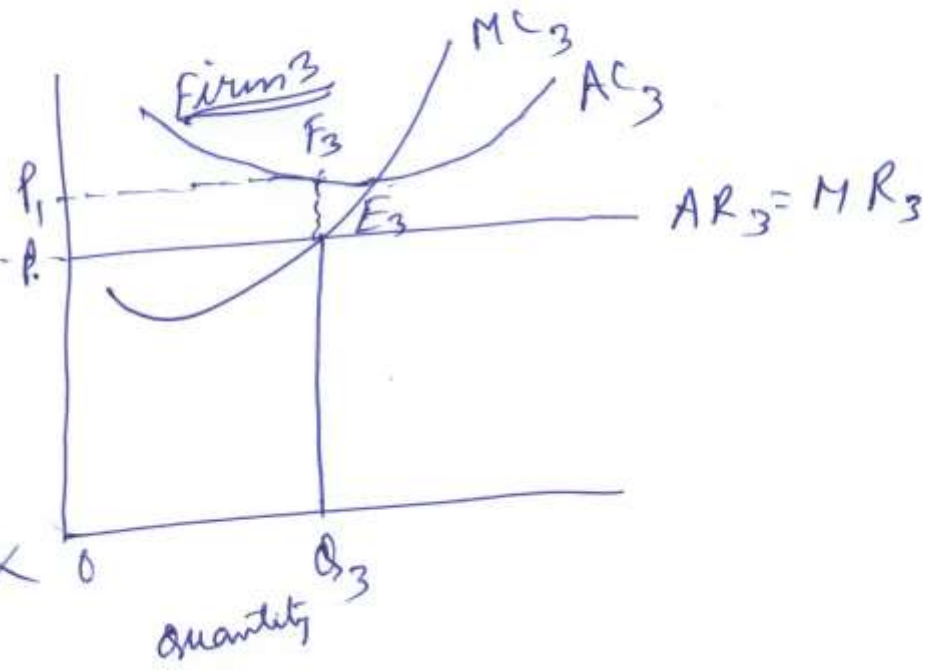
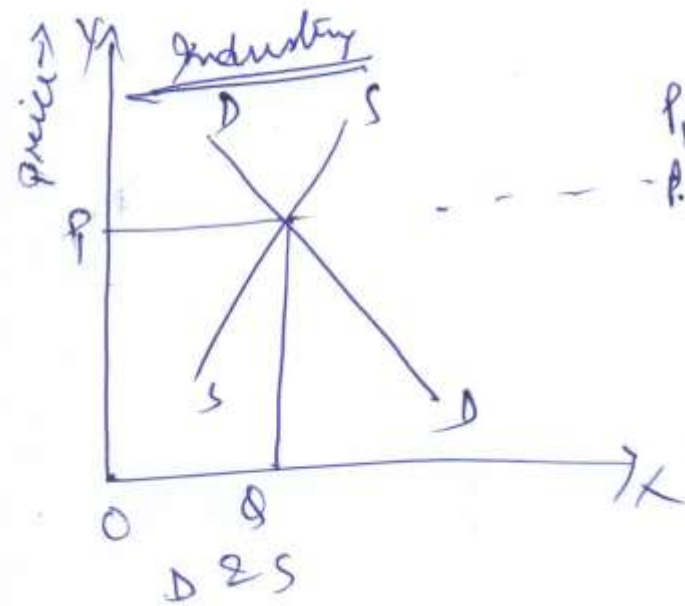
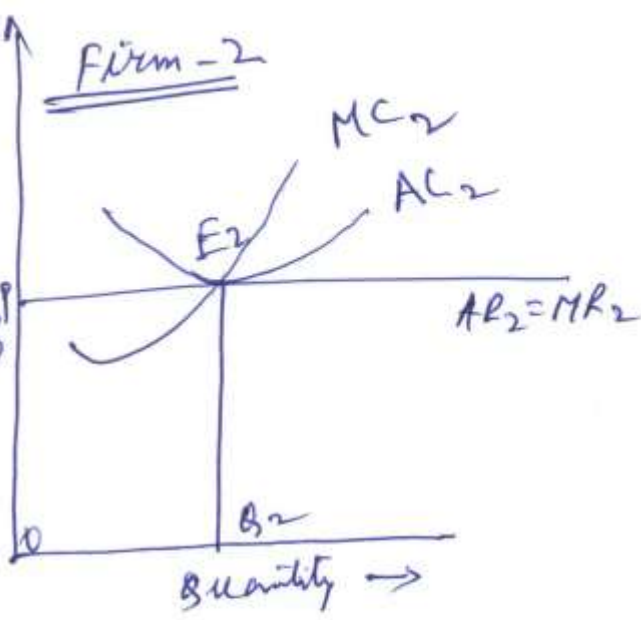
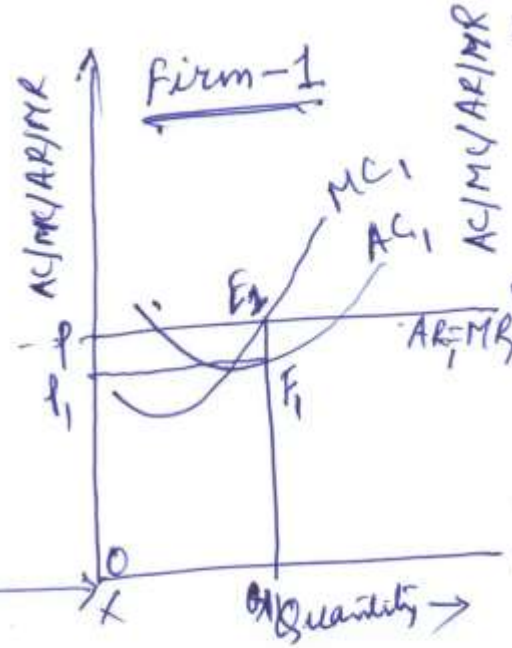
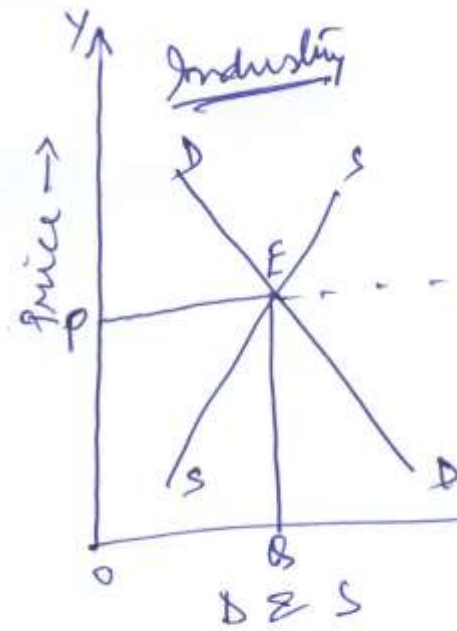


# **Price determination in Perfect Competition**

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

# **Equilibrium of a firm in Perfect Competition**

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

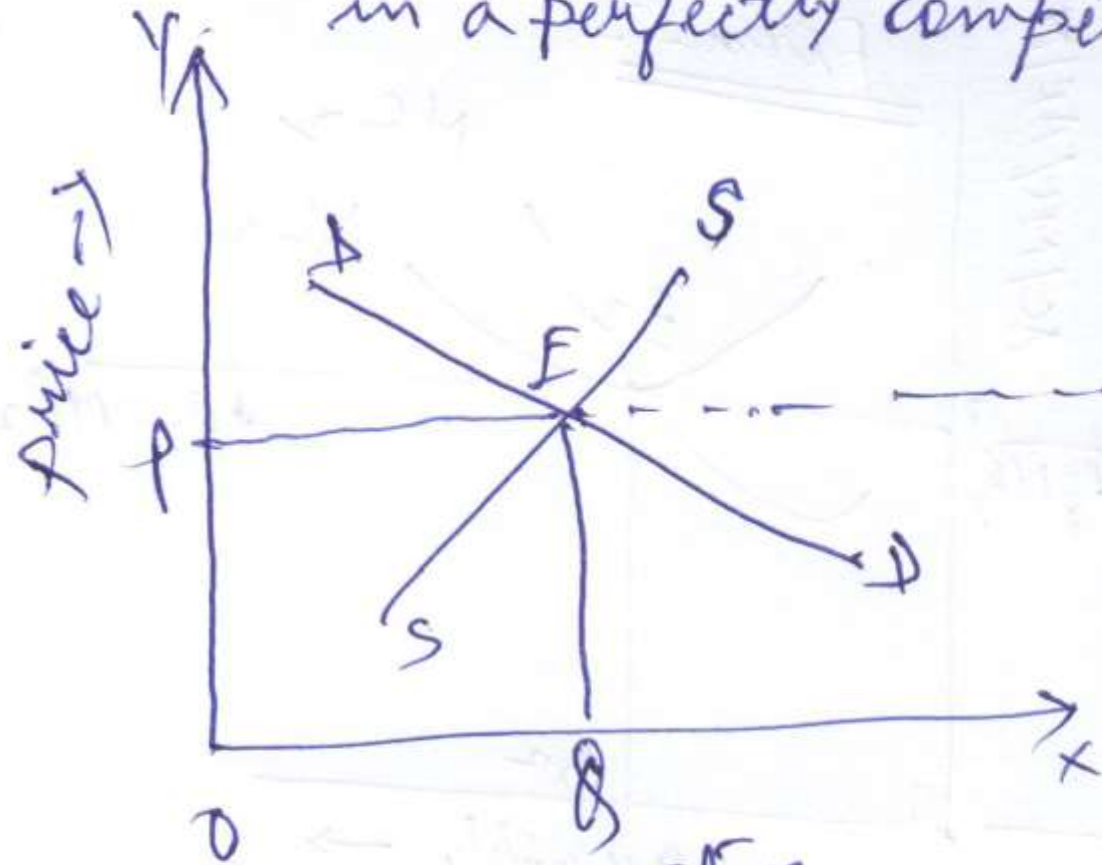


Q1. In a perfectly competitive market, the price of a product is Rs 4 & the TC of a firm is given by

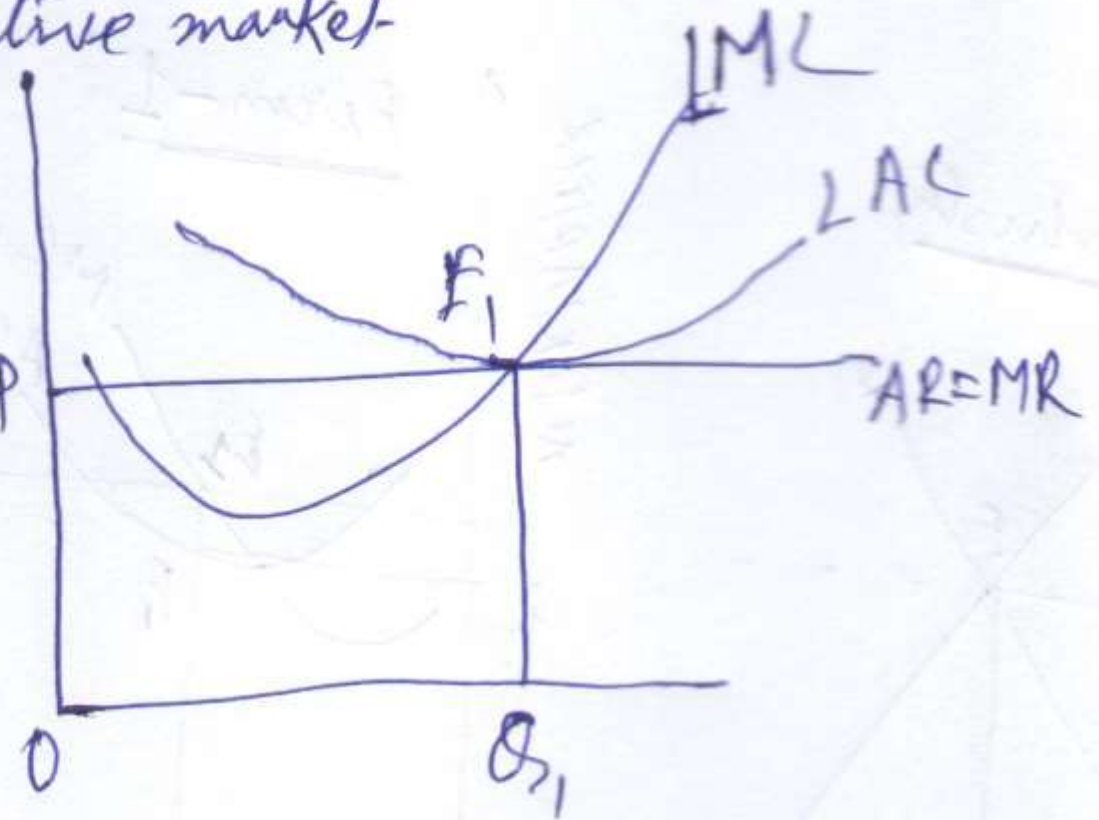
$$C = q^3 - 15q^2 + 31q + 100$$

Find the profit maximising output & max<sup>m</sup> profit.

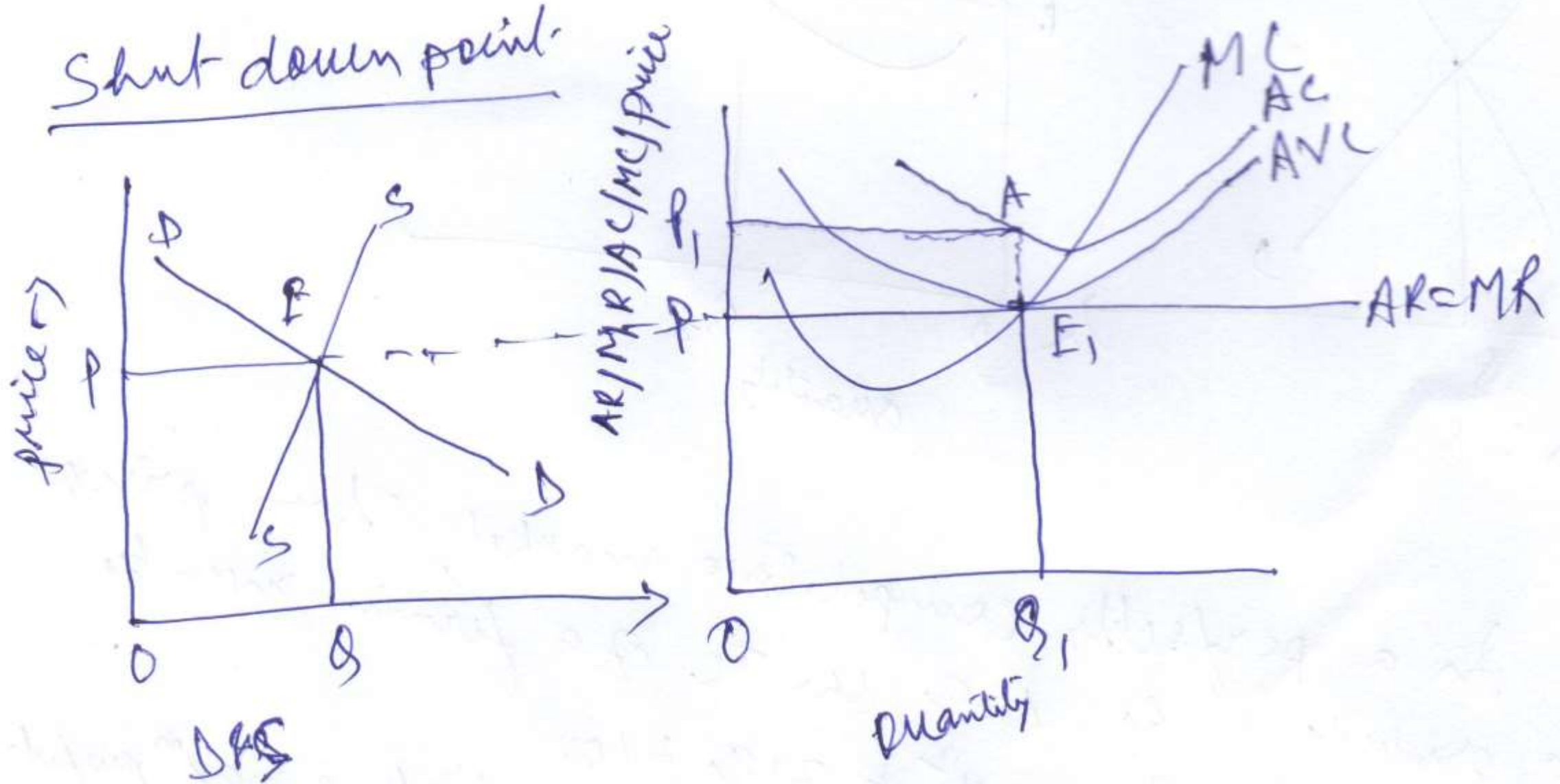
Long run equilibrium of a firm  
in a perfectly competitive market-



Quantity  
of S



# Shut down point:



# Price determination in a monopoly market:

