

DEPARTMENT OF AGRICULTURAL ECONOMICS & STATISTICS

COURSE: AES-121, FUNDAMENTAL OF AGRICULTURAL ECONOMICS

TOPIC: MARKET STRUCTURE

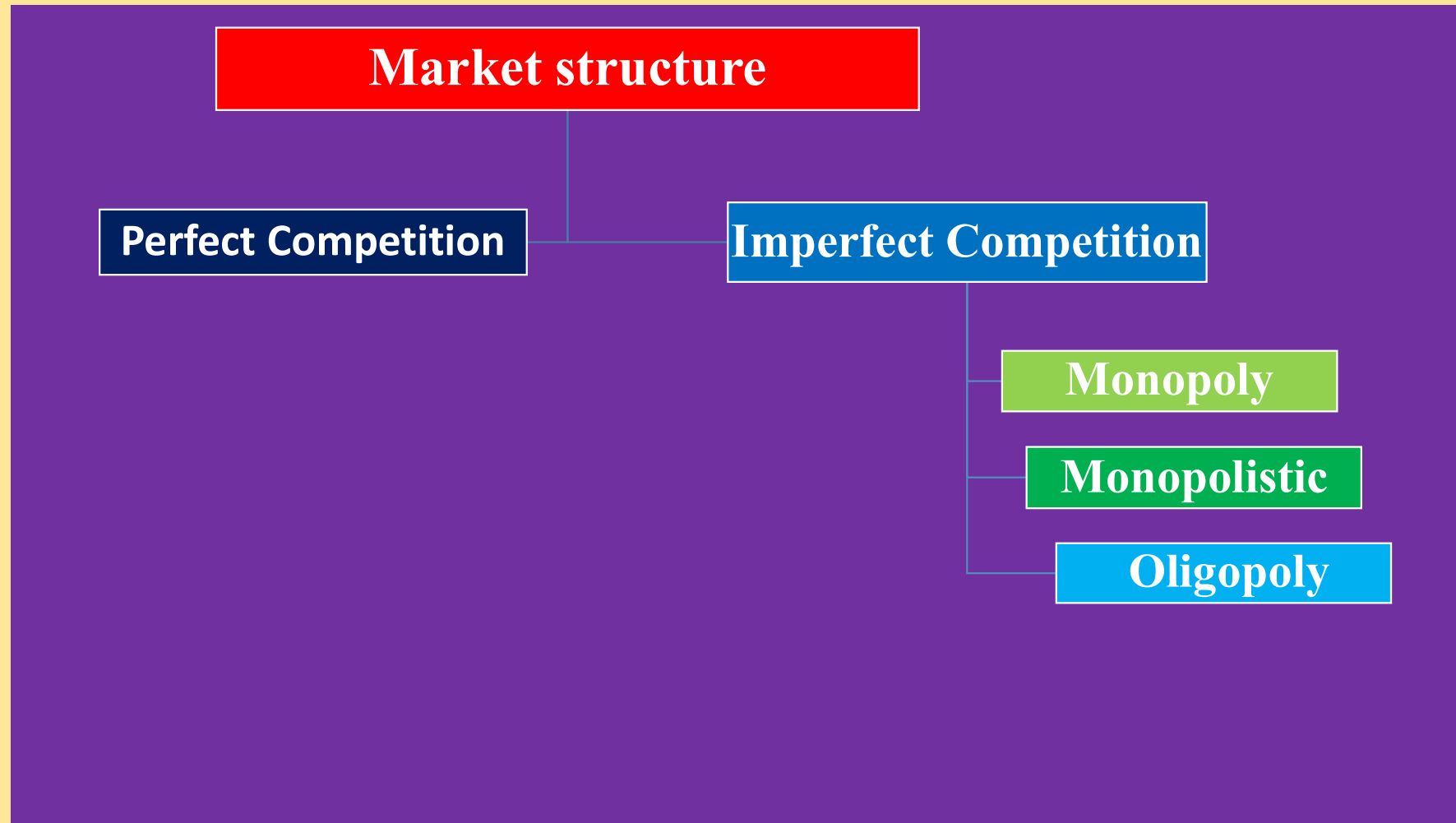
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INTRODUCTION

- **A Market is a place where voluntary exchanges among buyers and sellers takes place.**
- **common methods of market classification:**
 - 1. on the basis of number of buyers and sellers.**
 - 2. on the basis of homogeneity or degree of differentiation of the products.**

Overview of Market structure.



➤ **PERFECT MARKET:**

Market with small firms so that they can't affect the market price.

- * free entry & exit of firms
- * no govt. regulations
- * perfect mobility of resources
- * perfect knowledge of market

➤ **PERFECTLY COMPETITIVE MARKET CONDITION:**

Many buyers and sellers transacting a homogenous product.

*** competition doesn't means rivalry exists between the sellers in a market.

➤ **IMPERFECT MARKET:**

Market where a firm can appreciably affect the market price of a product.

- * intense rivalry exists among the firms.
- * it does not reflect upon the morals or ethics of any businessman in a market.

MONOPOLY MARKET:

- **supply of a commodity is concentrated in the hands of a single firms.**
- **no close substitute of the goods.**
- **cross elasticity of demand is very low.**
- **firm = industry**
- **it is also of two types:**
 - * PURE MONOPOLY**
 - **theoretical concept.**
 - **cross elasticity is zero.**
 - * IMPURE MONOPOLY**
 - **cross elasticity of demand is very low**
 - **intention to maximize profit**
 - **uniform price for all consumers**
 - **no threat from any other firms**

MONOPOLISTIC MARKET

- **firms in the industry produces heterogeneous products.**
- **transacted products of firms are not perfect substitutes.**
- **product differentiation is an important feature of monopolistic competition.**
- **quality products can be seen.**
- **advertisements and propaganda are another features of a monopolistic competition.**

DUOPOLY

- **Market with only two sellers**
- **Very similar to oligopoly**
- **Stiff competition exists between the two firms**
- **In duopoly, competition and co-operation co-exists.**

Oligopoly

- **Few firms in the market.**
- **Produce homogenous products or products which are close but not perfect substitute to each other.**
- *Perfect Oligopoly: homogenous products.**
- *Perfect Oligopoly: heterogeneous product.**

MONOPSONY

* Presence of single buyer for the products.

Ex: sugar factory, tobacco board, coffee board

OLIGOPSONY

* Only few buyers are present in a market

* Each individual buyer can influence the market price.

Ex: gas & iron ores, TATA (iron ores), Hindustan Petroleum Corp., etc. buys the gas and petro products from Govt. for consumers.

THANK YOU