

8/10/18.

chapter - 5

Meaning of Market.

1. Types of Market -

- Perfect competition
- Monopoly
- Oligopoly
- Monopolistic competition
- Main Feature of these market

2. Meaning of supply and Law of Supply.

3. Role of Demand and Supply in Price in Perfect Competition.

Types of Market

→ The Price-output Decision which are taken by a company or by an industry (the group of companies) are very much influenced by the form and structure of the market for goods and services.

→ The structure of the market commodity market or well or factor market, is fixed by the nature and pattern of competition which prevails.

1. Pure and Perfect competition → The market is said to be characterized by pure competition, if

- There is a large no. of transactions (buyers and sellers) in the market such that no single transaction can influence by its own individual action, the price output decision in the market.
- The transaction unit is homogeneous, the goods and/or the services traded are so standardized and identical that no illogical buyers preference can emerge.
- The transaction enjoy **Freedom of entry and exit**, no transport cost is involved. A company can enter profitable industry or can leave a losing industry just as a consumer can freely move in or out of the market and.
- There is **independent decision making** no restriction or compulsion is involved in the process of decision making.
- In addition to these condition if perfect knowledge prevails such as that there are zero ~~for~~ information costs and if goods and resources are perfectly mobile and divisible, then competition is designated as perfect.

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2ndodi

Determination of prices output of various products depends upon the type of market in which produce, sold and purchase. Market is generally a particular place where goods are sold and purchase.

g. economic market in the context between seller and buyers so that sell and purchase of a item at ^{agreed} every price.

According to French economic Cournot

Economics understand by the term market not any particular place in which things are bought and sold but the whole of any region in which buyers and sellers are in such free enterprise with that the price of the same goods tends to equality, ~~weeks~~ quite easily and quickly.

* Essential Requirement for Market.

- (i) Goods.
- (ii) Customers and sellers
- (iii) place
- (iv) Communication.