

Class : B.com Part I
Subject : Business Economics
and Environment.

Paper : I

Unit : IV

Topic : Market Concept and Classification

Sequence : Imperfect Competitive Market

No : 3

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Imperfect Competitive Market:

Imperfect competition is a competitive market situation where there are many seller, but they are selling heterogeneous (~~edisi~~ (dissimilar) goods as opposed to the perfect competitive market scenario. As the name suggests, competitive markets that are ~~imp~~ imperfect in nature.

In reality it is almost impossible to discover a single commodity which is exchange under condition of perfect competition and it is equally difficult to discover examples of pure monopoly. Such market situations where neither pure monopoly nor perfect competition prevails are referred to by the economists as imperfect competitive market. The main forms of the imperfect markets are as follows:

① Duopoly:

A duopoly is a situation in market where two companies together own all, or nearly all, of the market for a given product or services. In duopoly, two competing businesses control the majority of the market sector for a particular product or services they provide. A business can be part of a duopoly even if it provides other services that do not fall into the market sector in question.

There are only two firms producing identical goods under duopoly any change in price or output by one producing identical goods under duopoly any change in price or output by one firm is bound to affect the other.

If the owners of the two firms will resort to competition with each other, their combined profits would be reduced below the maximum monopoly level. The price war between them would force the price down to the level where both the duopolists would earn only normal profits. Their equilibrium position would be similar to the equilibrium position of the firms under perfect competition.

② Monopolistic Competition:

It is a form of the market in which there are many buyers and sellers of the product but the product of each seller is different from that of the other. Thus there are many sellers a differentiated product. Product differentiation is generally promoted through trademark or brand name. As per Mr Joan Robinson. "Monopolistic competition is a market situation where there is a large number of buyers and sellers of closely related goods but not homogeneous. Each producer has a monopoly control over his own product but competition exist between them."