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Subject

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Class: B.Com Part I

Subject : Business Economics and Environment.

Paper : I

Unit : IV

Topic : Market Concept and Classification

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Market Concept and Classification:

Meaning of Market:

In economics, the concept of market has a special meaning. It does not refer to any geographical area where good are sold and purchased. Instead, it refers to all such systems (or arrangements) that brings the buyers and seller in contact with each other to settle the sale and purchase of goods. Here the system could simply be an electronic mail or a telephonic communication that brings the buyers and sellers in contact with each other and settles the sale and purchase of goods. Online marketing does not involve any shopping complex.

So, the concept of market refers to all such systems or arrangement that brings the buyers and sellers in contact with each other to settle the sale and purchase of goods. It does not refer to any shopping complex.

Definition of Markets.

Cournot: "Economists understand by the term market, not any particular place at which things are bought and sold but the whole of region in which buyers and sellers are in such a intercourse with one another that price of the same goods tend to equalise easily and quickly."

Classification of Market :

On the Basis of :

- place :
  - (a) local
  - (b) National
  - (c) International
- Time
  - (a) Very short period
  - (b) Short period
  - (c) Long period
  - (d) Very Long period
- Competition :
  - ImPerfect Competition
    - Monopoly (one Seller)
    - Duopoly (Two Seller)
    - Oligopoly (Few sellers)
    - Monopolistic Competition (many sellers)
  - Perfect Competition . (Many Sellers)

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Perfect Competition market:

Meaning :-

A perfect competition market is that type of market in which the number of buyers and sellers is very large, all are engaged in buying and selling a homogeneous product without any artificial restrictions and possessing perfect knowledge of the market at a time.

In other words, it can be said "

"A market is said to be perfect when all the potential buyes and seller are promptly aware of the prices at which the transaction take place of the commodity will tend to be equal everywhere"

Mrs Joan Robinson, " Perfect Competition prevails when the demand for the output of each producer is perfectly elastic".

According to Boulding "

"A Perfect Competition market may be defined as a large number of buyers and sellers all engaged in the purchase and sale of identically similar commodities, who are in close contact with one another and who buy and sell freely among themselves".