

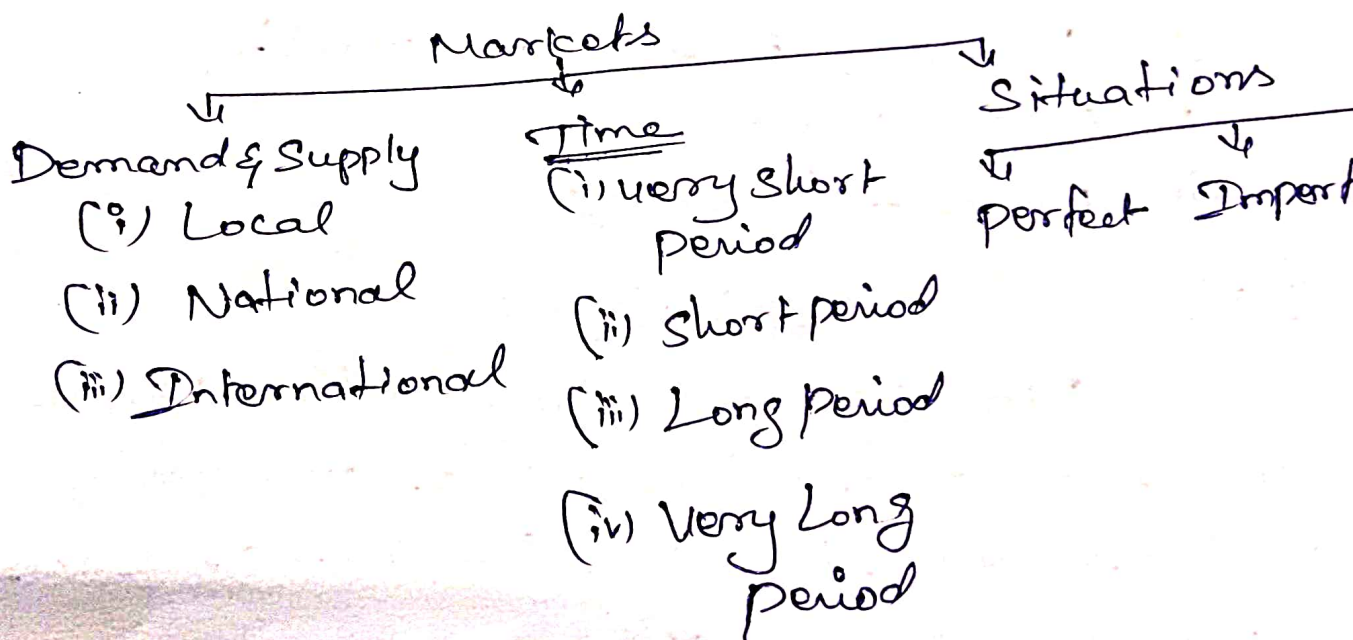
Introduction and meaning:

The word market is used in many senses. The word is derived from the Latin word "mercatus" from the verb "mercari" which means to "trade".

Features:

1. Commodity:
2. Buyers & Sellers
3. Communication
4. Place or area
5. Price

Classification of Markets:



Monopoly :

The word monopoly has been derived from the combination of two words i.e. "Mono" and "poly". Mono refers to a single and poly to control.

In this way, monopoly refers to a market situation in which there is only one seller of a commodity.

Features :

- (i) One seller and large number of buyers.
- (ii) No close substitutes
- (iii) Difficulty of entry of new firms
- (iv) Monopoly is also an industry
- (v) Price maker
- (vi) Perfect knowledge.

Monopolistic Competition :

Monopolistic Competition refers to a market situation where there are many sellers of a commodity, but the product of each seller differs from each other.

Features :

- (i) Large number of buyers & sellers.
- (ii) Free entry or exit of firms.
- (iii) Product differentiation.

Oligopoly :

The term oligopoly is coined from two Greek words "oligo" meaning "a few" and "pallein" means to sell. It occurs when an industry is made up of a few firms producing either an identical product or differentiated product.

Monopoly :

Pricing :

Factors affecting Pricing Policy :

1. objectives of the business :
2. Cost of product
3. Competitor's prices
4. Market position of the firm
5. prices of elasticity of demand
6. product's stage in the life cycle
7. Buying patterns of consumers
8. Economic environment
9. product differentiation
10. Govt, Policy.
11. Social & ethical Consideration
12. Consumer's reactions to higher prices

Pricing methods :

1. Cost-oriented methods :

1. Cost plus or full cost pricing
2. Target pricing
3. Marginal cost pricing.

2. Competition-oriented methods :

- (i) Going rate pricing
- (ii) Customary pricing.

3. Other pricing methods :

1. Differential pricing
2. Administered Prices
3. Skimming Price policy
4. Penetration price policy
5. Psychological pricing
6. Pricing on Life-cycle of a product
7. Peak load pricing
8. Competitive Bidding of price
9. Product distinctiveness.
10. The dominant firm price leadership