**B.A PART 1**

**MARKET STRUCTURE**

**MICRO ECONOMICS**

**Dr. D.K ROY**

## Market Structure:-

Market structure refers to the nature and degree of competition in the market for goods and services. The structures of market both for goods market and service (factor) market are determined by the nature of competition prevailing in a particular market.

Ordinarily, the term “market” refers to a particular place where goods are purchased and sold. But, in economics, market is used in a wide perspective. In economics, the term “market” does not mean a particular place but the whole area where the buyers and sellers of a product are spread.

This is because in the present age the sale and purchase of goods are with the help of agents and samples. Hence, the sellers and buyers of a particular commodity are spread over a large area. The transactions for commodities may be also through letters, telegrams, telephones, internet, etc. Thus, market in economics does not refer to a particular market place but the entire region in which goods are bought and sold. In these transactions, the price of a commodity is the same in the whole market.

According to Prof. R. Chapman, “The term market refers not necessarily to a place but always to a commodity and the buyers and sellers who are in direct competition with one another." In the words of A.A. Carnot, "Economists 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 intercourse with one another that the price of the same goods tends to equality, easily and quickly." Prof. Carnot's definition is wider and appropriate in which all the features of a market are found.

The essential features of a market are:

(1) An Area:-

In economics, a market does not mean a particular place but the whole region where sellers and buyers of a product ate spread. Modem modes of communication and transport have made the market area for a product very wide.

## (2) One Commodity:-

In economics, a market is not related to a place but to a particular product.

Hence, there are separate markets for various commodities. For example, there are separate markets for clothes, grains, jewellery, etc.

## (3) Buyers and Sellers:-

The presence of buyers and sellers is necessary for the sale and purchase of a product in the market. In the modem age, the presence of buyers and sellers is not necessary in the market because they can do transactions of goods through letters, telephones, business representatives, internet, etc.

### (4) Free Competition:

There should be free competition among buyers and sellers in the market. This competition is in relation to the price determination of a product among buyers and sellers.

### (5) One Price:

The price of a product is the same in the market because of free competition among buyers and sellers.

The market for a product refers to the whole region where buyers and sellers of that product are spread and there is such free competition that one price for the product prevails in the entire region.

Continue………