Madheshiya Deepanjali 2_53

1. No close substitutes: A pure monopoly exists when there's only one seller of a product or service with no close alternatives available to
2. Control of an important resource: Monopolies can arise when a company controls a crucial resource, making it difficult for others to enter the market.
3. Natural monopolies: These are monopolies that occur due to economies of scale, where a single large firm can produce goods or services more efficiently and cheaply than multiple smaller firms. Governments often regulate these to protect
4. The market demand curve _ Unlike perfect competition where firms face a horizontal demand curve, a monopolist faces the entire market demand curve, allowing them to influence prices.
5. Higher price _ Monopolists charge higher prices compared to perfect competition because they can restrict output to maximize profits.
6. Restricting output below_ By limiting production, monopolists create scarcity, which allows

them to charge higher prices and earn greater
7. Economic profits _ In perfect competition, economic profits are competed away in the long run as new firms enter the market. However, monopolies can sustain economic profits due to barriers to entry.
8. Is not resalable _ For price discrimination to be effective, the product or service must not be easily resold, allowing the monopolist to charge different prices to different consumer groups based on their willingness to pay.
9. A large number of firms: Monopolistic competition is characterized by many firms, each with a small market share, producing differentiated products.
10. Are not perfect substitutes: In monopolistic competition, firms produce goods that are similar but not identical, allowing for product differentiation and competition on factors other than price alone.
11. Lack of concern: Firms in monopolistic competition often don't worry about the reactions of their competitors when making pricing decisions because there are so many firms and each has a small market share.
12. No opportunity or incentive to collude: With

many firms competing, there's little chance for collusion to limit competition in monopolistic

13. May be higher: While product differentiation and advertising can benefit consumers by providing more choices and information, they can also lead to higher prices due to increased costs for firms.

14. Oligopoly: This market structure is dominated by a few large firms, which can lead to competitive behaviors that are different from both perfect competition and monopoly.

15. A few: Oligopolies are characterized by a small number of dominant firms, which can lead to strategic interactions and potential collusion among