

**SYBA
SEM – IV
Assignment I**

Date: 6th February 2023**Submission Date: 4th March 2023****Marks: 20****Identifying Market Structures**

1. Choose any product available in the market.
2. No of sellers in the market -
3. Nature of commodity -
4. Identify the substitutes available in the market. / Write all the brands of that particular product, those are available in the market.
5. Nature of demand – price elasticity and cross elasticity of the product -
6. Firm's control over market price -
7. Whether product is advertised? Nature of advertisement?
8. Ease of entry in the market -
9. Identify the market structure.
10. Demand curve faced by a firm -
11. Any other particular feature of that particular market –
12. Please write bibliography at the end.

Product can be chosen from the following list.

1. Health services	2. Potato chips	3. Mobiles	4. Shoes
5. Dairy Products	6. Soaps	7. Airways	8. Cold drinks
9. Agricultural commodities	10. Shampoo	11. Banking	12. Cosmetics
13. Educational services - colleges	14. Laptops	15. Insurance	16. Watches
17. Two wheeler industry	18. Television	19. Cold drinks	20. Toothpastes
21. Car making industry	22. Bicycles	23.	24.



Marking System

1	Choice of the market	4 mks
2	Analysis of the market – nature of product, control over price, demand, etc.	12 mks
3	Bibliography	4 mks
	Total	20 mks



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Subject Teacher



Eco S1 Assignment 1

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CLASS - SYBA(A) $\frac{18}{20}$ $\textcircled{+2}$ marks

ROL No. - 2702

SEMESTER - IV

$\textcircled{+2}$ for active participation in class activities (Quiz, event management)



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INTRODUCTION

MARKET STRUCTURE

"Market structure" refers to the different market features that determine relations between sellers to each other, of sellers to buyers and more. There are several basic defining characteristics of a market structure, such as following:

- The number of companies in the market
- The item sold and the extent of production differentiation.
- The ease or difficulty of entering and exiting the market.
- The numbers of buyers and sellers in the market.

A market is a set of buyers and sellers, commonly referred to as agents, who through their interaction, both real and potentials, determine the price of a good, or a set of goods. The concept of a market structure is therefore understood as those characteristics of a market that influence the behavior and results of the firms working in that market.

The main aspects that determine market structure are the number of agents in the market, both sellers and buyers; their relative negotiation strength, in terms of ability to set prices; the degree of concentration among them; the degree of differentiation and uniqueness of products; and the ease, or not, of entering and exiting the market. The interaction and differences between these aspects allow for the existence of several market structures.

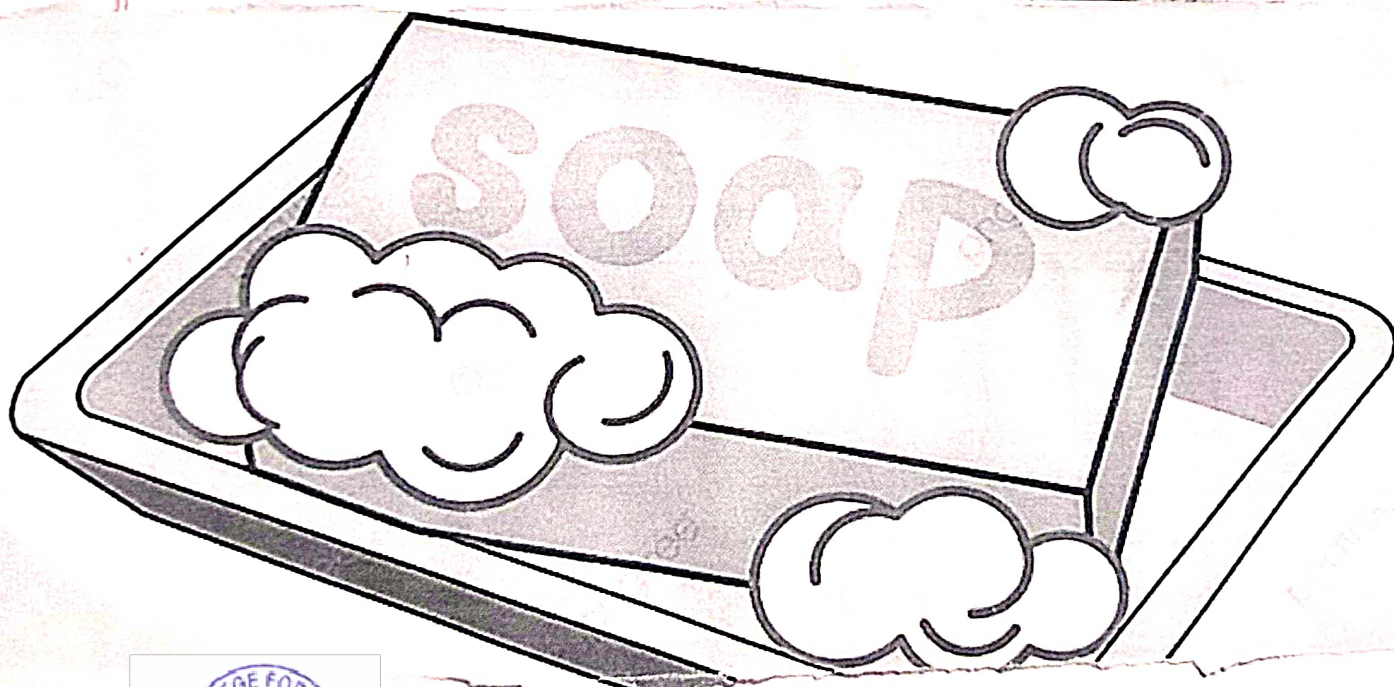


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TYPES OF MARKET STRUCTURE / MAJOR MARKET STRUCTURE



PRODUCT



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NUMBER OF SELLER AVAILABLE IN THE MARKET

There are many sellers in the market.

Firms produce heterogeneous or differentiated product. Products produced by all the firms are not exactly same but they are similar to each other.

NATURE OF THE COMMODITY

The soap manufacturing industry is one of the oldest industries operating in the FMCG sector in India, and accounts for more than 50% of the consumer goods sector. The soap and detergent industry covers laundry and toilet soaps, and synthetic detergents in the form of liquid, powder and bar. Bar soaps can be classified from three sections - premium, popular, and economic.

From

Around 50% of soaps produced are sold in rural markets.

Increasing awareness of hygienic standards in rural areas is providing growth opportunities to several players. Manufacturers are introducing soaps in different sizes and ranges, targeting consumers from low-income groups. Currently, there are around 5 Mn retail outlets in India which sell soaps, out of which 3.75 Mn operate in rural areas.

Herbal soaps is the fastest growing category in the soap market in India. Soap is a heterogeneous / differentiated product.



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THE SUBSTITUTES AVAILABLE IN THE MARKET

If products are similar to each other, commodities are close substitutes to each other.

ALL SUBSTITUTES AVAILABLE IN MARKET

1. Park Avenue
2. Dettol
3. Dove
4. Safavon
5. Sanboor
6. Cinthol
7. Mamaearth
8. Biotique
9. Tetmosol
10. Pama Di Wills.
11. Liril
12. Pearls
13. Medimix
14. Nivea
15. Himalaya
16. Lifebuoy
17. Lux.
18. Godrej No.1 Soap.
19. Venus
20. Ponds
21. Patanjali
22. Johnson Baby.



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NATURE OF DEMAND

CROSS ELASTICITY OF DEMAND.

~~Cross~~ Cross elasticity of Demand for ~~close~~ close substitutes is greater than 1.

In monopolistic competition, the cross elasticity of demand for the product of a single firm with respect to a change in the price of other products made in the monopolistic group is very high.

PRICE ELASTICITY OF DEMAND.

Price elasticity of demand under Monopolistic competition is Large.

In monopolistic competition, price is elastic.

FIRM'S CONTROL OVER MARKET PRICE

Individual firm's contribution to the total market supply is very negligible. Therefore individual firm cannot control market supply and market price. As every firm produces differentiated product, individual firm can have some control over the price of its product.



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WHETHER PRODUCT IS ADVERTISED? NATURE?

Firms produce close substitutes.

Therefore, firms use advertisement to make consumers aware about the qualities of the product. Thus individual firm opt for competitive advertisement.

Soap industry majorly advertises through Print Media (newspaper/magazine), Broadcast media (Television/Music Hall), Display media (Billboards)

They also use direct marketing, use of internet contact customers through mails.

EASE OF ENTRY IN THE MARKET

There is free entry and exit. There are no barriers on entry or exit of a firm. Any firm can start or stop the production without any hurdles.

Multiple companies can enter the market and all can compete for a market share.

Companies do not need to consider how their decisions influence competitors so each firm can operate without fear of raising competition.



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IDENTIFY THE MARKET STRUCTURE

The market structure of the product (soap) is Monopolistic Competition.

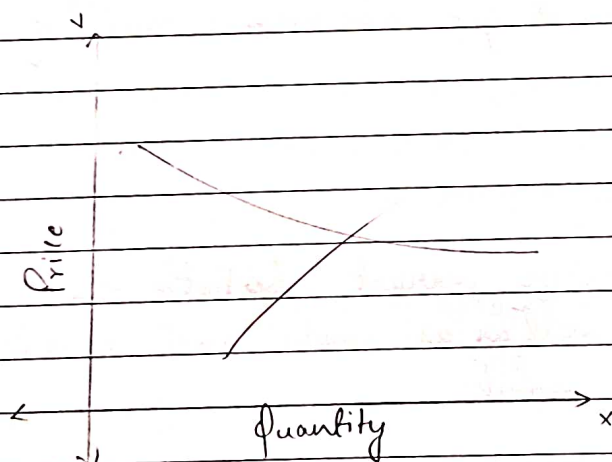
A market structure where there are many sellers producing and selling heterogeneous product. It is also the most common market structure.

DEMAND CURVE FACED BY A FIRM

Demand curve is relatively ~~el~~ elastic or flatter downward sloping curve.

Meaning that the monopolistic competitor, can raise its price without losing all of its customers or lower its price and gain more customers.

Since there are substitutes, the demand for a monopolistically competitive firm is relatively more elastic than of a monopoly.



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ANY OTHER PARTICULAR FEATURE OF THE PARTICULAR MARKET

LACK OF PERFECT KNOWLEDGE

The buyers and sellers do not have perfect knowledge of the market. There are innumerable products each being a close substitute of the other. The buyers do not know about all these products, their qualities and prices.

Therefore, so many buyers purchase a product out of a few varieties which are offered for sale near the home. Sometimes a buyer knows about a particular commodity where it is available at low price. But he is unable to go there due to lack of time or he is too lethargic to go or he is unable to find proper conveyance. Likewise, the seller does not know the exact preference of buyers and is, therefore, unable to get advantage out of the situation.

LESS MOBILITY

Under this particular market, both the factors of production as well as goods and services are not perfectly mobile.



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