Market Structure: Perfect Competition, Oligopoly, And Monopoly

Presentation

Market structure is characterized as the degree and nature of the opposition in the market for administrations and products. Various enterprises have their seriousness and market structure which makes them one of a kind from different divisions (Gallego, 2020). This conversation incorporates four distinct structures of the market, alongside the short clarification of the highlights. It likewise includes the distinctions inside every one of the market structures. The conversation is centered around the hospitality and the travel industry of Nepal and the degree to which the business has been hit because of the overarching pandemic emergency. Other than the elaboration of various market structures, it additionally expounds the activity of the government to manage the matter of crisis.

a. Describe and complexity four market structures

The definition and extent of the market are expansive, and this gives the purpose behind the enhancement inside the market structure. The segments of the market structure decide the situation of the economy of a country. This additionally explains the presence and level of competition inside the market. There are for the most part four diverse four market structures, including perfect competition, oligopoly, Monopoly and monopolistic competition. It is the attributes that separate one market from another. The determinants incorporate item type, passage standard, the number of merchants, publicizing and pace of benefit earned and mislaying brought about. The information on advertise structure explains the standards in surrounding the arrangement.

Perfect Competition

The structure of Perfect Competition underpins free competition. Purchasers and merchants for the market are various, and this demonstrates shoppers have scarcely any impact over their competitiveness. The idea of the items is increasingly comparable and has simply any distinctions ('What is Perfect Competition? Definition of Perfect Competition, Perfect Competition Meaning - The Economic Times', 2020). This demonstrates Perfect Competition manages homogenous items. Since it comprises of an adequate amount of sellers and purchasers, this doesn't affect the usefulness of the market drifts by a sole firm or purchasers. No such critical limitation lies in getting section into the market. Free section manages the passageway and exit of the various specialists. The adaptability of cost is momentary and happens at a high pace. Be that as it may, an oligopolistic makes a significant benefit through promoting and can likewise expand a lot of the market. Here, the standards of misfortune and increase rely upon the ATC (Average complete Cost). At the point when the expense is higher than the ATC, it demonstrates that organizations are making misfortunes and the other way around. In the long haul, if the organizations are encountering benefits of the positive economy, this will bring about more organizations and firms. ('Perfect Competition: Meaning and Characteristics of Perfect Competition', 2020) The moving of supply bend towards right happens

in this situation, and this therefore diminishes the balance cost. In this manner, benefits will fall in such conditions.

Monopolistically competitive market refers to the universal market structure where businesses have many competitors but each of them sells the different product ('Monopolistic competition', 2020). The characteristics of a monopolistically competitive market are as follows ('Monopolistic competition', 2020):

Differentiated product:

Each firm produces product which are marginally different from other firms. Every firm applies some degree of monopoly (excluding large number of firm) through product differentiation. It means differentiating the product on the basis of colour, size, quantity, brand and so on.

A larger number of a small firm

There are many sellers who are selling products which are slightly different with the other's product. Each firm has its own market share which is limited to certain per cent.

No barrier to entry and exit

Businesses/Firms are free to enter and free to get out of the market at any time whenever they want. In this market situation, there will not be abnormal profit neither abnormal loss to business in the long run.

Oligopoly

An oligopoly is a market structure where a small number of businesses have huge control over the large number of market. It is just like a monopoly where two or more businesses run or dominate the market.

The characteristics of an oligopolistic market are as follows ('Oligopoly', 2020):-

1. Interdependence
2. Strategy
3. Barrier to entry

Interdependence

Firms are interdependent and they cannot just act independently of each other. A firm must consider the reaction of the rival while making their decision. They cannot just ignore the rival firms to survive in the market.

Strategy

Strategy is vital to the firm because it is one of the medium which leads any firm to become hero from zero. One firm must anticipate the response of the rivals firm when they make any changes in their policies and strategy such as changing price and so on. Organization must make

important decision whether to compete with rivals or collude with them in order to get win-win situation.

Barriers to entry

Oligopolies have similar characters of monopolies so they are dominant in market and new firms might face difficulties while entering in the market.

Monopoly

The term 'monopoly' is alluded to as the control or ownership of supply. This gets out the meaning of the imposing business model structure. It is alluded to as the structure where just a solitary structure rules over the business. A Single organization or Firm has over 25% impact and mastery over a specific. (Gallego, 2020) Rather than being homogenous as found in perfect competition, the result of Monopoly is exceptional. High boundaries to passage are urgent to this market structure. Since the inventory of items is limited to a solitary organization, new monopolists think that its difficult to deal with the amount and investors. The individual organization over the market brings about no opposition. The valuing structure depends exclusively over the single Firm. Accordingly, it is conceivable to make the monopolist a prime value creator (Dhingra and Morrow, 2019). Publicizing is profoundly actualized by the monopolist to direct item separation. This is done exclusively to guarantee that they have firm power over the market and the business. This is likewise done to expand the cost of the item and along these lines procure a significant benefit. In addition, the impact of a solitary structure doesn't demonstrate that the Firm makes a steady benefit over the long haul. On the off chance that the Firm keeps on directing irregular benefits, different sorts get simple access to the market and lead to boost of income.

Identification of industry and assessing its market structure

Here, the hospitality and the travel industry area of Nepal has been decided to expound the market structure. The area of cordiality falls under measures of monopolistic competition as it incorporates numerous venders, low hindrances to section, separated items and enhancement of the intensity. Since numerous organizations are leaving offering comparable types of assistance and items, intensity is the centre value creator of the division ('Tourism in Nepal - Ministry of Foreign Affairs Nepal MOFA', 2020). The organizations can without much of a stretch impact the estimating structure by leading a distinction from their rivals. It is additionally finished with change of the nature of the administrations and merchandise being served. The division can't be resolved as the structure of Monopoly as the attributes of the force creator doesn't rely upon the single structure. Here, firms increment the opposition by changing the quality and structures of the items. In the point of view of monopolistic rivalry, the nature of the items is heterogeneous and doesn't rely upon the homogeneity of the administrations and products. Although the organizations manage similar attributes yet at the same time there lies a few contrasts which causes one of the organizations to be progressively serious from the other. The part of cordiality relies upon the separation to keep up consistency in intensity. A few firms inside the segment keep up separation in regard of work showcase, asset portion and level of efficiency. As of now referenced in the segment of the market structure, the attributes of the monopolistic rivalry are conceivable to line up with the business of the travel industry and hospitality.

Considering the travel industry and hospitality part of Nepal, a few firms and organizations like cafés, visits and business and other friendliness organizations exist in. Tourism is a blasting part and Nepal underpins geological enhancement, With 15 National & Wildlife Parks, here are 7 world heritage sites (Pashupatinath Temple, Baudhanath Stupa, Swayambhunath Stupa, Changunarayan Temple, Kathmandu Durbar Square, Patan Durbar Square and Bhaktapur Durbar Square) (Nepal, 2020)Before the finish of year 2029, Nepal, the Hospitality and the travel industry of India is evaluated to reach about ? 240billion. As of late the area has been not really hit by the pandemic emergency of COVID-19. The assault of infections and huge death has confined the benefit augmentation of the segment. This moderate pace won't empower the segment to come to the pre-define objective. The government is suspending all visas. To manage the worldwide concern, not just Nepal tourism industry, the negative effect has presented significant misfortunes everywhere throughout the world. The whole worth chain over the travel industry part has been gravely hit by the pandemic. As of ongoing circumstance, the assault of infections has made political and monetary distress. The Government of Nepal is trying to drop all the visas and travel papers. All the organizations of the tourism industry segment have been secured and have solicited the residents from the country to keep up the principles of isolation. The crossing out of the aircraft tickets and lodging booking from a quarter of a year has brought about loss of about a different emergency. The pinnacle period of the inn booking which wins from the long stretch of October and March are overlooked bringing about immense misfortune in the Nepal Tourism division and Nepalese economy. Until the spread of infections are getting restricted, the rest of the year 2020 are at high hazard. Besides, in 2019, it is seen were about 1.45 million of local footfalls (Post, 2020)

Thinking about the well-being, financial and social emergency, the WHO has just proclaimed COVID-19 as the worldwide pandemic. There has been no help for the industries like tourism and hospitality in the Nepalese economy and money related Organisation. Since the Tourism industry segment is an extravagance part barring the reality of export and import exercises, the ongoing circumstance verifies that increasingly required need is to save the life of the Nepalese. This has brought about the bringing down of income age for the hospitality and tourism industry. There are as of now no deaths all over Nepal though the affirmed cases have been seen at around 50 ('Nepal Coronavirus: 51 Cases and 0 Deaths - World meter', 2020)

Keynesian financial matters has impacted the economy of the globe since World War II. It is clear that economies of the world is connected like the cross-fringe supply of budgetary capital, government , merchandise, individuals, trade rates, FDI (Foreign Direct Investment) and worldwide banking. The hypothesis expresses that management interference is required to settle the economy of a specific region. It is relevant when there is an intense economic emergency and downturn. According to the hypothesis, the emergency in getting extraordinary since financial and monetary strategy isn't getting appropriately executed inside the Nepal economy (Hom Nath Gaire, 2014.). In view of the hypothesis the matter of tourism industry is running under tremendous loss and subsequently increasing the demand of money to be invested in the market. It additionally expresses the bringing down of wages will have no positive effect over the nation's turn of events if not spent in new techniques and improvement. It isn't satisfactory to accuse the common situation yet it is prudent to battle against the pandemic thinking about proper approaches and systems. The diminishing progression of money has prompted the extreme condition of joblessness. The business exclusively creates about 1.05 million jobs directly inside the country and the restriction of the income has an intense deficiency of the Nepal economy ('Nepal tourism generated Rs240b and supported 1m jobs last year: Report', 2020). The segment of the hospitality industry and tourism industry

encourages most of the Nepal’s economy. The tourism industry in Nepal is a wellspring of both immediate and circuitous business and is a significant remote trade worker. In 2019, 1.17 million tourist came in the nation. This year, the legislature had an objective to draw in 2,000,000. The positive thinking encompassing the Visit Nepal Year 2020 likely prompted an inn building binge. Presently, hotels bring up that inhabitancy has dropped to new lows. As of mid-February this year, banks and money related establishments (BFIs)— 27 Class A business banks, 24 Class B advancement banks and 22 Class C account organizations—had stretched out Rs139 billion to the 'hotels or café' division, up from Rs67 billion at mid-July 2020.

As of mid-February, BFIs had an all out credit book of Rs3,186 billion, up from Rs1,977 billion at mid-July 2020. The non-performing credit proportion for business banks was 1.71 percent and for improvement banks, 1.21 percent. This can rise rapidly once credits start to turn sour. By mid-February, BFIs had Rs67 billion in advance misfortune arrangement, up from Rs53 billion at mid-July 2020. Interestingly, in the last financial year that finished mid-July 2020, 28 business banks (presently 27) given out Rs47 billion in profits, Rs26 billion of which was in real money. This was out of Rs64 billion in benefit. Insufficient was held. The division of the tourism industry is hoping to get support from the Nepal financial organization. The worldwide emergency has made the condition liable to crumble.

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