



**JECRC Foundation**



**JAIPUR ENGINEERING COLLEGE  
AND RESEARCH CENTRE**

# JAIPUR ENGINEERING COLLEGE AND RESEARCH CENTER

Class – B.Tech Civil ( IV SEM)

Subject – Managerial Economics & Financial  
Accounting (MEFA)

Unit – 4

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# VISION AND MISSION OF INSTITUTE

## VISION OF INSTITUTE

To become a renowned centre of outcome based learning and work towards academic professional ,cultural and social enrichment of the lives of individuals and communities

## MISSION OF INSTITUTE

Focus on evaluation of learning ,outcomes and motivate students to research aptitude by project based learning.

- Identify based on informed perception of indian ,regional and global needs ,the area of focus and provide platform to gain knowledge and solutions.
- 
- Offer opportunities for interaction between academic and industry .
- Develop human potential to its fullest extent so that intellectually capable and imaginatively gifted leaders may emerge.

# VISION AND MISSION OF DEPARTMENT

## **Vision**

To become a role model in the field of Civil Engineering for the sustainable development of the society.

## **Mission**

- 1)To provide outcome base education.
- 2)To create a learning environment conducive for achieving academic excellence.
- 3)To prepare civil engineers for the society with high ethical values.

# Introduction, Objective and Outcome of MEFA

## Objective:

The primary purpose of the study of Fluid mechanics is to develop the capacity to understand important basic terms used in fluid mechanics, understand hydrostatics and buoyancy with practice of solving problems. Student could be able to understand Kinematics of flow and fluid dynamics, Bernoulli's equation and laminar flow with practice of solving problems in practical life for the benefit of society and mankind.

## Outcomes

- To understand the basic concepts of economics.
- To understand the relation between demand and supply.
- To learn the concepts of production, cost analysis and market supply strategies.
- To understand financial statement analysis.

# Market Structure & Pricing Decisions

## 4 Market structure and pricing theory-

Perfect competition, Monopoly, Monopolistic competition, Oligopoly.

## Market Structure

### ➤ What is a Market?

- Place where there are many buyers and sellers .
- Actively engaged in buying and selling acts.
- Contact through different means of communication like letters, telephone etc.
- Thus, It does not mean a particular place but the entire area where buyers and sellers of a commodity are in close contact and they have one price of same commodity.

# Market Structure

## ➤ What is Market Structure?

It is therefore understood as those characteristics of a market that influence the behavior and results of the firms working in that market.

According to **J.C. Edwards**, “ A market is that mechanism by which buyers and sellers are brought together. It is not necessarily a fixed place.”



# Characteristics

- **Area:** A market does not mean a particular place but the whole region where sellers and buyers of a product are spread. Modern modes of communication and transport have made the market area for a product very wide.
- **Buyers & Sellers:** For exchange at least 1 buyer and 1 seller are needed. In the modern age, the physical presence of buyers and sellers is not necessary in the market because they can do transactions of goods through letters, telephones, internet, etc.

# Characteristics

- **One Commodity:** A market is not related to a place but to a particular product. Hence, there are separate markets for various commodities.
- **Free Competition:** There should be free competition among buyers and sellers in the market. It is in relation to the price determination of a product among buyers and sellers.
- **One Price:** The price of the product is same in the market because of free competition among buyers and sellers.

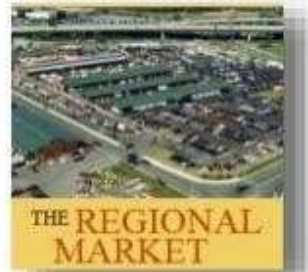


## ON THE BASIS OF AREA OR REGION



If buyers and sellers of a commodity are limited to certain area or region, it is known as local market. Perishable goods and low price goods.

Ex.- Milk, Ghee.



If buyers and sellers of a commodity are confined to certain region as province, it is known as provincial market. Region area is greater than that of local market.

Ex.- Lahariya in Rajasthan

# Classification of Market

ON THE BASIS OF :

- Area or Region
- Time
- Functions
- Nature of Commodity
- Legality



## ON THE BASIS OF TIME

- **Very short period market:** It can be classified into Daily(perishable products) or weekly market(on any specific day of week). It is which takes part in transaction for a short period of time as for few hours or a day. In this supply of product can not be increased.
- **Short period market:** In this supply of product can be increased but we can not make any change in production plant according to changed demand.

## ON THE BASIS OF AREA OR REGION



When buyers and sellers are not confined to state boundary, but are spread throughout the country. They are demanded throughout the nation.

Ex.- Market of sarees, dhotis.



When buyers and sellers are spread across the geographical boundary of a nation and the demand for such commodity is world wide or demand is universal.

Ex.- Market for gold, silver.

## ON THE BASIS OF TIME

- **Long period market:** It is in which we can make necessary changes in plant and machinery as well increase supply of product according to its demand.
- **Very long period market:** There can be large change in supply of the product. And demand also increases because of change in population, habits, taste, customs etc.



## ON THE BASIS OF FUNCTIONS



**General Market**

When different types of products are transacted at the same time in a market.

Ex.- Chandni chowk market in Delhi



**Specialized Market**

When only one product or any special product is transacted in market. In this, a particular thing is traded with its different brand names.

Ex.- Bathing soap as Lux etc.





## ON THE BASIS OF FUNCTIONS



**Marketing by Samples**

In this the firms need not show whole of their product as they only send samples through their agents.

Ex.- in case of wool, paints etc.



**Marketing by Grading**

In this, the product is first graded according to its quality and then put forth for selling.

Ex.- Agricultural product market.



# ON THE BASIS OF NATURE OF COMMODITY



**Product Market**  
(production goods are exchanged)



**Stock Market**  
(stock and shares, bonds are bought and sold)



**Bullion Market**  
(metallic trading exists)





## ON THE BASIS OF LEGALITY



**Legal Market:** When goods are transacted in market under certain rules and norms. Also known as **Fair Market**.

**Illegal Market:** Transaction of goods taking place in more than or less than quantity prescribed by legal authorities.

Ex.- Hong Kong Market (illegal market at international market)




# **TYPES OF MARKET STRUCTURE**

- **Perfect Competition**
- **Monopoly Competition**
- **Monopolistic Competition**
- **Oligopoly Competition**



# PERFECT COMPETITION

- It is such a market structure where there are large numbers of sellers and buyers.
  - Homogeneous product .
  - The price of the product is determined by the industry .
  - One price prevails in the market and all the firms sell the product at the prevailing price .
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# CHARACTERISTICS

- Large number of buyers and sellers
- Homogeneous product
- No barriers to entry
- Perfect knowledge of the market
- No transportation cost
- Perfect mobility of factors of production



# MONOPOLY

- It is a market structure in which there is only a single seller of the product .
- One firm has full control over the supply of the product .
- Example : Indian Railways , Rajasthan State Electricity Board etc.



# CHARACTERSTICS

- Sole supplier of the product
- Large number of buyers
- No close substitutes
- One firm industry
- Varies from industry to industry
- Absence of entry
- Monopolist is price maker



# CHARACTERSTICS

- Large number of firms
- Product differentiation
- Freedom of entry and exit
- Non price competition
- Price policy
- Less mobility
- No perfect knowledge
- Selling cost
- Close substitutes

