

Difference between Perfect Competition and Monopoly

Basis of Difference	Perfect Competition	Monopoly
Meaning	It refers to the market in which there are many firms selling a certain homogenous product.	Monopoly market is a market structure in which a single firm is a sole producer of a product for which there are no close substitutes available in the market
Output	Price is equal to the marginal cost at the equilibrium output.	Price is greater than the average cost at equilibrium output.
Equilibrium	It is possible only when $MR=MC$ and MC cut the MR curve from below.	Equilibrium can be realized whether the MC is rising, constant or falling.
Barriers for entry of new firms	Here, there are no restrictions or barriers for new firms to enter the market.	It has strong restrictions for entry of new firms in the market.
Price Discrimination	There is no price discrimination by sellers as the prices are determined by supply and demand forces.	The monopolist can charge different prices from different groups of buyers.
Supply Curve	Here, the supply curve can be identified as all firms sell the desired quantity at the prevailing price.	In a monopoly, the supply curve cannot be known because of price discrimination.
Control over Price	Here, the sellers don't have any control over the price.	In this market, the seller has full control over the price.
Sellers are known as	In this market, the sellers are known as price takers.	In this market, the sellers are price makers.
Degree of Competition	This market has strong competition in the market.	There is no competition in the market.
Close Substitutes	In this market, the close substitutes are available.	There are no close substitutes of the products in this market.
Number of sellers	There are a large number of sellers with a large number of Buyers offering homogenous products.	There is only one single seller of a commodity with a large number of buyers.