

Difference between Perfect Competition and Monopoly

Basis of Difference	Monopoly	Monopolistic Competition
Meaning	It 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.	It refers to a market structure where there are many sellers of the product, but, each seller sells a differentiated product.
Product offered	The products offered in this market may or may not be homogenous.	The products offered in this market are differentiated products.
Number of sellers	Monopoly is a single seller market.	There is a small number of sellers in this market.
Competition	There is no competition in the market due to a single seller.	There exists minimal competition among the few sellers present in the market.
Barriers for entry of new firms	It has strong restrictions for entry of new firms in the market.	this market has no absolute freedom for new firms to enter the market.
Price	The monopolist can charge different prices from different groups of buyers. Thus, it results in price differentiation in the market.	In this market, the prices are different for different products due to product differentiation.
Demand Curve	Here, the demand curve is less elastic.	Here, the demand curve is more elastic.
The slope of the demand curve	In this market, the demand curve slopes downward with low elasticity.	In this market, the demand curve slopes downward with high elasticity.
Price control	In this market, the sellers have full control over the price.	In this market, the sellers have partial control over the price.
Profit in Long run	Here, when $AR > AC$, the firms earn extra-normal profits in the market.	Here, when $AR=AC$, the firms earn normal profits.
Product Predictability	In this, product predictability is high due to the presence of only one seller.	In this, the product predictability is low due to the presence of more number of sellers.
Selling Costs	The monopolist doesn't need to carry selling costs in advertising the product.	Here, the sellers need to advertise their products to gain brand loyalty in the market.
Application	Pure monopoly is rare but the elements of this market can be seen in the market	This market is realistic in nature.
Difference between firm and industry	Under this market, There is no difference between firm and industry as one single firm is selling in the market.	Under this market, the firms and industry act as different entities.
Substitute Goods	There are no substitute goods available in the market.	In this, the substitute goods are available with different features.