

Difference between Perfect and Monopolistic Competition

Basis of Difference	Perfect Competition	Monopolistic Competition
Meaning	It refers to the market in which there are many firms selling a certain homogenous product.	It refers to the market in which there are many firms selling differentiated product.
Nature of product offered	Sellers sell homogenous products in the market.	Sellers sell differentiated products in the market.
Barriers for entry of new firms	Here, there are no restrictions or barriers for new firms to enter the market.	It has not absolute freedom for the 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 for the differentiated feature of products.
Demand Curve	Here, the demand curve is perfectly elastic.	Here, the demand curve is more elastic.
The slope of the Demand Curve	Here, the demand curve is a horizontal straight line where $AR=MR$.	The demand curve in this market, the demand curve sloped downward where $AR>MR$.
Control over Price	Here, the sellers don't have any control over the price.	In this market, the sellers have partial control over the price.
Knowledge of Market	Under this market, buyers have perfect knowledge of the market.	Under this market, buyers have imperfect knowledge of the market.
Selling Costs	This market doesn't require the selling costs to advertise the products.	This market requires selling costs to sell products in the market.
Situation	It is unrealistic in life. Thus, it is a hypothetical situation.	It is realistic in life. Thus, it is a practical scenario.