

Difference between Collusive and Non-collusive Oligopoly

Basis of Difference	Collusive Oligopoly	Non Collusive Oligopoly
Meaning	It refers to a form of market in which sellers eliminate the competition through a formal agreement.	It refers to a form of market in which each firm has its own price and output policy independent of rival firms.
Collusion	Here, the few sellers collude to cartels to avoid competition.	Here, competition is preferred to collusion as a means of profit maximisation.
Price and output decisions	In this market, the price and output decisions of a cartel are mutual.	In this market, each firm has its own price and output decisions.
Interdependency	Here, the firms' decisions are interdependent of each other.	In this, the firms' decisions are independent of rival firms in the market.
Competition	There is no competition in th market due to collusion.	Here, there is cut-throat competition among the firms.
Selling costs	There is no need to incur expenditure to create brand loyalty.	Under this, aggressive advertisement develops brand loyalty.
Also known as	This market is also known as Cooperative Oligopoly.	This market is also known as Non-Cooperative Oligopoly.
Creation of Monopoly	This market is like a monopoly as cartels have full control over the price and can earn monopoly profits.	There is no such market formation under this market.