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Monopoly

Meaning of Monopoly

The word monopoly has been derived from the combination of two words i.e., '[Mono](#)' and '[Poly](#)'. Mono refers to a single and poly to control.

In this way, monopoly refers to a market situation in which there is only one seller of a commodity.

There are no close substitutes for the commodity it produces and there are barriers to entry. The single producer may be in the form of individual owner or a single partnership or a joint stock company. In other words, under monopoly there is no difference between firm and industry.

Monopolist has full control over the supply of commodity. Having control over the supply of the commodity he possesses the market power to set the price. Thus, as a single seller, monopolist may be a king without a crown. If there is to be monopoly, the cross elasticity of demand between the product of the monopolist and the product of any other seller must be very small.

Definition

"A pure monopoly means a single seller with no competitors. Given that 'pure' monopolies are rare, regulators and other agencies often consider the extent of monopoly power in a market to determine whether intervention should take place."

Definition of Monopoly given by different economists

"Pure monopoly is represented by a market situation in which there is a single seller of a product for which there are no substitutes; this single seller is unaffected by and does not affect the prices and outputs of other products sold in the economy." [Bilas](#)

"Monopoly is a market situation in which there is a single seller. There are no close substitutes of the commodity it produces, there are barriers to entry". [-Koutsoyiannis](#)

“Under pure monopoly there is a single seller in the market. The monopolist demand is market demand. The monopolist is a price-maker. Pure monopoly suggests no substitute situation”. -A. J. Braff

“A pure monopoly exists when there is only one producer in the market. There are no direct competitions.” -Ferguson

“Pure or absolute monopoly exists when a single firm is the sole producer for a product for which there are no close substitutes.” -McConnell