

Perfectly competitive market is the market structure that has no monopolistic elements of market and consists of huge number of buyers and sellers.

- o Huge number of buyers and sellers: the low number of buyers and sellers in market they have the power to affect the changes in total price of products or the outcome in overall industry however, in perfectly competitive markets, the number of buyer and seller is huge which result in the fixed price of products decided by the industry for all products. The firms or buyer and seller are totally permissible to deal with whoever they want to.
- o Identical products: Firms produce similar products that are all homogeneous in specifications so that the consumer can buy from any seller of his choice.
- o No restrictions on entry or exit: every business (buyer or seller) has the freedom to either enter or withdrawal the market in perfectly competitive market.
- o Maximization of profit: Firms enter this kind of market to maximize their profits and attract more consumers through high competition.
- o Absence of selling costs: since all the firms offer similar range of products in perfectly competitive markets, they don't have to spend money on advertising of products.