



[Summary]

Markets : Perfect Competition

Subject:	Business Economics
Course:	B.A., 1st Semester, Undergraduate
Paper No. & Title:	Paper – 101 Microeconomics – I
Unit No. & Title:	Unit – 5 Markets: Perfect Competition
Lecture No. & Title:	Lecture – 1 Markets: Perfect Competition

Summary

Perfect competition market is one of the ideal markets. Therefore it is always be used to form new theories. It gives solution to present problems of the markets. Short run in perfect competition may be earning supernormal profits as it has $AR > AC$, earning losses as it has $AC > AR$ or it may have normal profit as it has $AR = AC$ at the equilibrium price, but in long run all the supernormal profits and losses get wiped out with free entry and exit of firms. Therefore all firms earn only normal profit at long run.