Defination: Monopoly is one of the extreme imperfect markets amongst Monopoly, Monopolistic Competition and [Oligopoly](https://theinvestorsbook.com/oligopoly.html) as it lacks several characteristics of perfect competition and it exists where a single firm rules the industry.

Types of Monopoly

Monopoly has the following types:

1. Natural Monopoly
It depends upon the natural factors of the area such as Karnataka has a Monopoly of the coffee market as the climate of Karnataka suits best for coffee cultivation.
2. Social Monopoly
When the government controls the production for public welfare, it is said to be a social monopoly.
3. Legal Monopoly
It is a Monopoly which arises because of legal barriers or provisions such as copyrights; the law prohibits an action of replicating any design registered under a particular brand name.
4. Fiscal Monopoly
The government governs this Monopoly for printing currency and the minting of coins, etc.
5. Simple Monopoly
In this type of Monopoly, uniform charges are charged by the traders to all the buyers for its products.
6. Discriminating Monopoly
It discriminates amongst the buyers for selling similar products, different prices are charged on divergent buyers such as lawyer charges different fees from his every client.

### Characteristics of Monopoly

The following are some of the characteristics of Monopoly:

* Sole Firm/ Trader

Monopoly market is solely captured by an individual seller or firm of a particular commodity having no competitors in the market, the whole output of such commodity depends upon that firm or trader; thus they form industry with a Monopoly.

* Cost determiner

As the Monopolist is the sole king of that industry, he also determines the cost of the commodity produced, and there is no one in the market as a competitor who can challenge his price and the value decided by him becomes the final price of that product to sell in the market.

* Price Bias

As the monopolist is a sole trader of that commodity in the whole market, he may be biased amidst customers, i.e., can charge more from rich and low from poor customers.

* Optimum Production

Production in the Monopoly market should be in optimum scale as supply rise may bring fall in the price of the product.

* No substitute products

The monopoly firm or trader captures an entire market of the product as they have the patent of that product; thus, no substitute products can be produced and sold in the market by other firms.

* Entry constraints

Entering in the Monopoly market is restricted for the firms as the monopolist has captured the market with his specialities, hence other firms cannot compete with them, and for the Monopoly firm it is obligatory to have a patent for surviving in the market.