

## Eureka Journal of Physical and Chemical Research (EJPCR)

ISSN 2760-490X (Online)

Volume 2, Issue 2, February 2026



This article/work is licensed under CC by 4.0 Attribution

<https://eurekaooa.com/index.php/1>

### MONOPOLY AND MONOPSONY

Shokirova Dilnoza Olimjon qizi,  
Karshi State Technical University, Shahrisabz  
Faculty of Food Engineering  
Email: dshokirova537@gmail.com

Orzikulov Oybek Azamjon o'g'li,  
Food Engineering Student,  
Karsh State Technical University, Shahrisabz  
Email: oybekorzikulov02@gmail.com

#### Abstract

This article examines the phenomena of monopoly and monopsony, two important forms of market structure, from an economic theory perspective. It analyzes the essence of monopoly, its causes, types, and pricing strategies. It also examines the concept of monopsony and its role in the economy, as well as its impact on producers and consumers. The article presents ideas on limiting competition in a monopolistic market, pricing, and the need for government regulation.

**Keywords:** Monopoly, monopsony, market structure, pricing, competition, profit, government regulation, market power, economic efficiency.

#### Introduction

In a market economy, competition is the primary driver of economic efficiency. However, in reality, not all industries enjoy perfect competition. In some industries, there is a single producer or seller who can independently

## Eureka Journal of Physical and Chemical Research (EJPCR)

ISSN 2760-490X (Online)

Volume 2, Issue 2, February 2026



This article/work is licensed under CC by 4.0 Attribution

<https://eurekaoa.com/index.php/1>

determine the price, volume, and quality of their products. This situation is called a monopoly. Monopoly plays an important role in the economy because, on the one hand, it centralizes production and stimulates technological progress, while on the other, it limits competition and leads to artificially high prices. Therefore, studying the phenomenon of monopoly and analyzing its positive and negative aspects is important for economic policy. Also of particular importance in the economy is a situation where there is only one buyer in the market—a monopsony. This can lead to lower resource prices and reduced profits for producers.

This topic analyzes the essence of monopoly and monopsony, their causes, pricing strategies, and impact on the economy. This provides an opportunity to gain a deeper understanding of the actual functioning of the market mechanism and justify the need for government regulation.

### Main part

A monopoly is a situation in which a single producer or seller operates in a market, with the ability to set prices and production volumes in their favor. Under such market conditions, competition is limited, resulting in reduced consumer choice and rising prices.

Monopolies are formed for various reasons, and their types also vary:

- A natural monopoly arises in industries where it is technologically or economically more efficient to have a single producer. For example, infrastructure sectors such as electric power, gas supply, and rail transport.
- A legal monopoly is an activity protected by a patent, license, or copyright. For example, patent holders in drug development.
- Artificial monopoly – formed by excluding competitors from the market, creating an advantage over them, or displacing them.

## Eureka Journal of Physical and Chemical Research (EJPCR)

ISSN 2760-490X (Online)

Volume 2, Issue 2, February 2026



This article/work is licensed under CC by 4.0 Attribution

<https://eurekaooa.com/index.php/1>

- State monopoly – monopolies established by the state in important strategic sectors (e.g., weapons production or customs).

Thus, monopolies represent one of the natural or man-made forms of market mechanism, and their role and impact on the economy can be different.

Monopolies arise as a result of a number of economic, legal, and technological factors. The main reasons are:

1. Natural advantages – as a result of decreasing average costs as production volume increases (economies of scale), a single producer is the most efficient.
2. Patents and licenses – special rights granted by the state that restrict the entry of new competitors into the market.
3. Control over large capital and resources – companies with significant financial resources capture the market by acquiring or displacing smaller producers.
4. Government policy – in some strategic industries, a state monopoly is necessary for economic security.

Thus, monopolies can arise both through the natural development of an economic system and through human intervention. A monopolist has the freedom to set the price of its product. However, it also controls production volume to maximize profits. The key economic condition for a monopolist is  $MR = MC$ , meaning marginal revenue must equal marginal costs. In this case, production volume is determined, and the price is set higher along the demand curve. As a result, the monopolist maximizes profits, but production volume declines compared to a competitive market.

A monopolist uses the following pricing policy:

- Price discrimination – selling the same product at different prices to different consumers. For example, price differentiation based on the elasticity of demand.

## Eureka Journal of Physical and Chemical Research (EJPCR)

ISSN 2760-490X (Online)

Volume 2, Issue 2, February 2026



This article/work is licensed under CC by 4.0 Attribution

<https://eurekaooa.com/index.php/1>

- Market segmentation – setting different prices for different groups or regions within a market.

- Creating artificial shortages – artificially maintaining high prices by reducing production.

This monopoly policy reduces consumer welfare and harms society. Monopsony is a situation in which there is only one buyer in the market. In this case, despite a large number of producers, only one buyer buys their products. Monopsony is primarily found in the labor, raw materials, or agricultural markets. Under monopsony, the buyer sets the price. They seek to lower the purchase price as much as possible to increase their profits. This situation reduces producers' income and leads to a decrease in production volume.

The main characteristics of a monopsony are:

1. There is only one buyer in the market;
2. There is little competition between suppliers;
3. The buyer has a price-setting advantage;
4. Producer profits decline. Social welfare declines. For example, if a city has only one large factory that is the sole employer of all workers, this is a labor market monopsony. The factory controls the labor market by setting lower wages.

Antimonopoly reforms of Uzbekistan in 2025.

Starting in 2025, the government of Uzbekistan will implement a series of large-scale reforms aimed at reducing monopolization, strengthening the competitive environment, and creating a level playing field in the market. These reforms are intended to mitigate the negative consequences of monopolistic markets and improve economic efficiency.

## Eureka Journal of Physical and Chemical Research (EJPCR)

ISSN 2760-490X (Online)

Volume 2, Issue 2, February 2026



This article/work is licensed under CC by 4.0 Attribution

<https://eurekaoa.com/index.php/1>

### **1. Ряд исключительных прав государственных предприятий был упразднен.**

Согласно постановлению, вступившему в силу 1 января 2025 года:

- «Узметкомбинат» — лишён монопольного права на сбор отходов чёрных металлов.
- «Узвторсветмет» — упразднён его исключительный право на сбор и экспорт цветных металлов.
- «Узтраде» — утратил свой исключительный право на экспорт зерна и муки.
- «Узкимёймпекс» — упразднён его исключительный право на экспорт химической продукции.

### **2. Elimination of the monopoly in the energy market.**

Effective July 1, 2026:

- UzGazTrade will lose its status as the sole gas import operator;
- Uzenergotsotish will renounce its monopoly rights to import and export electricity.

### **3. Limitation of Exclusive Rights.**

Starting April 1, 2025, exclusive rights:

- are granted only in emergency situations, for defense, security, and public needs;
- maximum term: 3 years;
- controlled by the Competition Committee through a unified register.

### **4. End of telecommunications monopolies.**

From January 1, 2025:

- All mobile operators were granted the right to directly connect to foreign internet providers (previously, this was a monopoly held only by state-owned operators).

## Eureka Journal of Physical and Chemical Research (EJPCR)

ISSN 2760-490X (Online)

Volume 2, Issue 2, February 2026



This article/work is licensed under CC by 4.0 Attribution

<https://eurekaoa.com/index.php/1>

### 5. Licensing in the electricity market.

Starting in 2025:

- The production, distribution, sale, and import/export of electricity will be carried out on a licensed basis, allowing new private companies to enter the market.

Monopoly and monopsony have a two-way impact on the economy.

— The positive side is the centralization of production, the creation of the possibility of efficient use of resources, large capital stimulates innovation.

— The negative side is artificially high prices, reduced production volumes, reduced consumer welfare and increased social injustice.

Therefore, in such cases, government intervention is necessary. Economic equilibrium is restored through competition policy, antitrust legislation, and price control mechanisms. Monopoly profits typically manifest themselves as excess profits, and this is an important indicator for economic theory. At the same time, government intervention may be necessary to regulate monopolies. For example, through price regulation, taxes, tariffs, and pro-competition policies, monopoly profits are limited and market efficiency is increased. Government intervention is especially important in natural monopolies. Natural monopoly infrastructure (gas, electricity, roads) can only be effectively used by a single firm. Therefore, the goal of government economic policy is to control monopoly profits and adjust prices in accordance with consumer interests.

Monopoly demand is the demand curve in a market controlled by a monopolist. This curve determines the price and quantity at which the monopolist will sell its product.

## Eureka Journal of Physical and Chemical Research (EJPCR)

ISSN 2760-490X (Online)

Volume 2, Issue 2, February 2026



This article/work is licensed under CC by 4.0 Attribution

<https://eurekaooa.com/index.php/1>

Monopoly supply is the quantity and price at which a monopolist will supply a product to the market. Monopoly supply is usually inelastic with respect to price, as consumers have limited choice.

A monopolist takes the elasticity of demand into account when setting prices. If demand is elastic, raising the price may reduce revenue; if demand is inelastic, raising the price may increase revenue.

### Conclusion

Monopoly and monopsony are market structures that play an important yet complex role in the economy. Under monopoly, there is a single producer, while under monopsony, there is a single buyer who can regulate market prices and production volumes to their advantage. Under such conditions, economic efficiency declines, consumer and production welfare increases, and social injustice intensifies. Government regulation, control, and regulation of prices and quality are essential. Monopolies may sometimes be economically necessary (as in the case of participation in natural monopolies), but the organization must always serve the interests of society. Only fair and effective government control will ensure the full functioning of the market mechanism, economic growth, and social well-being.

### References

1. Shokirova, D.O., Umrzakov, B.Zh. (2024). "Public Debt and Its Negative Consequences." Public Debt and Its Negative Consequences. Economy and Society, (2)117, retrieved from [www.iupr.ru](http://www.iupr.ru).
2. Shokirova, Dilnoza, Olimzhan. "The Role of Women in the Economy." EB of Synergy: International Interdisciplinary Research Journal, Volume 2, Issue

## Eureka Journal of Physical and Chemical Research (EJPCR)

ISSN 2760-490X (Online)

Volume 2, Issue 2, February 2026



This article/work is licensed under CC by 4.0 Attribution

<https://eurekaaoa.com/index.php/1>

- 2, 2023. ISSN: 2835-3013. Available at:  
<https://univerpubl.com/index.php/synergy>.
3. Shokirova, D.O., Salimov, A.F., "Academic Skills and Professional Competencies," textbook, 2025.
4. Shokirova, "Academic Skills and Professional Competencies," textbook, 2025.
5. Tursunov, O., Usmonov, R. Microeconomics, textbook, Tashkent: "Economic Knowledge," 2017, pp. 20-180.
6. Karimov, D. Microeconomics and Market Mechanisms, Tashkent: "Uchitel," 2019, pp. 10-220.
7. Tursunov, O., Usmonov, R. Microeconomics, textbook, Tashkent: "Economic Knowledge," 2017, pp. 20-180.
8. Karimov, D. Microeconomics and Market Mechanisms, Tashkent: "Uchitel," 2019, pp. 10-220.
9. Samuelson P., Nordhaus W. Economics, 19th edition, McGraw-Hill, 2010, pp. 1–102. 1. Shadiev R. D., Turdiev S. Kh. Basic Didactic Principles of Building an Integrated System for Training Innovative Engineering // Knowledge. – 2016. – no. 4-4. - Pp. 87–89.
10. Turdiev Sh. R., Keldierova M. G. Personal and Professional Traits of a Teacher // Problems of Modern Science and Education. - 2020. - No. 6-1 (151). - Pp. 67–72.
11. O. Mukhamedov, M.G. Usmanboev, S.S. Rustamov., Interactive Methods in the Organization of Education: Pedagogical and Methodological Recommendations. T.: Academy of the Ministry of Internal Affairs of the Republic of Uzbekistan, 2016. – 4 p.
12. Sh. R. Turdiev. MODELS AND METHODS FOR IMPROVING THE EFFICIENCY OF INNOVATIVE RESEARCH: Collection of scientific

## Eureka Journal of Physical and Chemical Research (EJPCR)

ISSN 2760-490X (Online)

Volume 2, Issue 2, February 2026



This article/work is licensed under CC by 4.0 Attribution

<https://eurekaooa.com/index.php/1>

papers from the International Scientific Conference, November 11, 2021. pp. 181-183. Publisher: Berlin.

13. U. Inoyatova et al.: 1000 answers to 1000 questions from pedagogy. T. DPU, 2013. 127 p.

14. Shakhmurodova D. A. Conceptual approaches to assessing reading literacy in the PIRLS and PISA studies. // Acceleration of innovation processes in the education system. International scientific and practical conference. Karshi, 2021. – pp. 413-416

15. D. O. Shokirova. Types of Integration in the Use of Technology in Education and Their Goals. Education and Innovative Research. International Scientific and Methodological Journal. 2024/No. 5 B 341-346 ISSN 2181-1709 (p), issn 2181-1717 (e) <https://interscience.uz>

16. D.O. Shokirova. Educating the Future Personality: Toward Science, Values, and Technology. PEDAGOGICAL SKILLS. Scientific, Theoretical, and Methodological Journal No. 9 (September 2025). The journal began publication in 2001. Bukhara – 2025. B. 145-150 pp.

17. Dilnoza, Shokirova. "SELF-DEVELOPMENT IN THE EDUCATIONAL PROCESS: TRANSFORMING THEORY INTO IDEAS AND TECHNOLOGIES. ADVANTAGES OF ADAPTATION." Conference (2025): 36-39.

18. Dilnoza, Shokirova. "ADVANTAGES OF ADAPTATION OF SELF-DEVELOPMENT THEORY TO IDEAS AND TECHNOLOGIES IN THE EDUCATIONAL PROCESS." Conference (2025): 81-84.

19. Shokirova, D. O. "THE ROLE OF INNOVATIVE TOOLS IN IMPROVING INTERACTIVE LEARNING TECHNOLOGIES." INNOVATIONS IN THE MODERN EDUCATION SYSTEM 5.48 (2025): 74-76.