e-notes Economics

By, TANYA
Assistant Professor (Guest Faculty)
Dept. of Economics
D.K. College, Dumraon (Buxar)
B.A. Hons Part 01.
Paper - 01.
Topic → Degrees of Price Discrimination.
Date → 18/06/2021

Degrees Of Price Discrimination

Prof. A.C. Pigou has distinguished between the following three types of price discrimination on another ground →

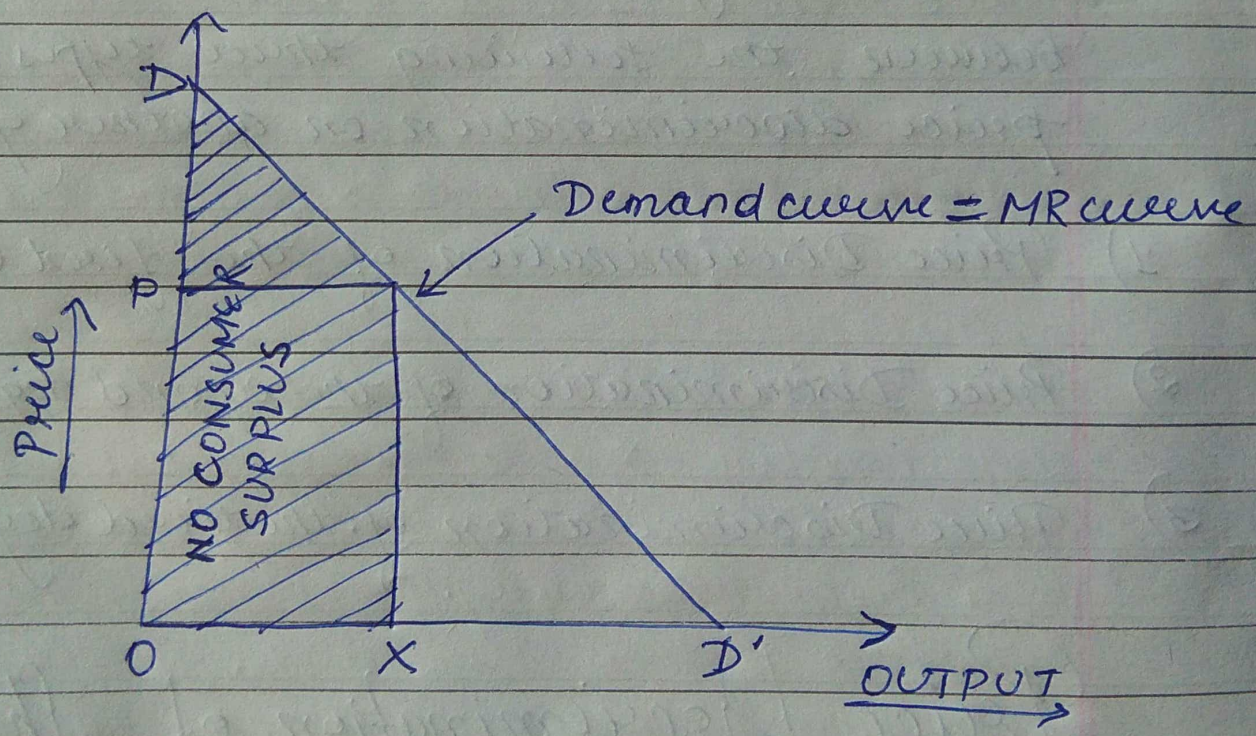
1) Price Discrimination of the first degree
2) Price Discrimination of the second degree, &
3) Price Discrimination of the third degree.

Price Discrimination of the first Degree :-

Also known as perfect price discrimination, first degree price discrimination involves charging consumers the maximum price, that they are willing to pay for a good or service.

First degree price discrimination involves maximum possible exploitation of each buyer in the interest of a seller's profits.

Price discrimination of the first degree is said to occur when the monopolist is able to sell each separate unit of the output at a different price



Price Discrimination Monopolist of the First Degree Extracts all the Consumer's surplus from Buyers.