

## LIMITATIONS

The theory of Game has been criticised on the following grounds:

- i) **Unrealistic assumption:** The game theory assumes that a firm believes that his rival will do the worst for him and therefore he will take such strategy which is safe for him. But the real world, the firm does not adopt such a cautious and pessimistic approach. He always tries to enhance his profit in the market and for that he often takes risks.
- ii) **Lack of accurate knowledge on strategies:** The firms have not perfect knowledge about the strategies of a game theory in the real world.
- iii) **Absence of existency of the types of games:** There are different types of games theory, namely strictly adverse game (Zero-sum game), constant-sum game etc. But this types of games are not observed exactly in the markets like Oligopoly game.
- iv) **Not easy to attain a definite solution:** There is another drawback in the Game theory. For the Game theory, to provide a definite solution, both the players must be prudent. They should know what types of strategies should be followed in the right at right situations (i.e., player should know whether he should play maxi.min. strategy or mini.max. strategy). Otherwise it is not easy to achieve a definite solution.

## EXERCISE

1. Given the payoff matrix of player-A and total market share of profit of Rs. 10.00,

$$\begin{bmatrix} 2 & 8 & 1 \\ 4 & 3 & 9 \\ 5 & 6 & 7 \end{bmatrix}$$

- Find-
- i) The nature of the game.
  - ii) Maxi.min. payoff and Mini.max. payoff.
  - iii) Saddle point of the game.
  - iv) Optimal strategies of the two players.
  - v) Is it possible to find payoff matrix for player-B.