

Summary

Market failure is a situation in which the allocation of resources is not efficient where individual emphasized on self interest because of monopoly power. Besides, there is interference of other factors like social, cultural and also fluctuations in the market due to different nature of goods like public, private, mixed and merit goods. If we observe keenly, these all are intermingled and interdependent. Hence all are consumed according to requirements. Sometimes market can fail due to the nature of goods being changed. Public goods depends upon mainly two features, non-rivalness in consumption and non-exclusion. This is associated with few limitations. Hence all public, private and mixed goods are there. And there are merits and demerits of goods channelized with the major key of the market demand and supply. Better allocation of resources for social benefits leads to resolution of environmental issues. And also efficient policies and approaches can give the solutions for appropriate allocation of resources.