**CHARACTERISTICS OF PUBLIC GOODS**

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Public goods are characterized by two key attributes: non-excludability and non-rivalrous consumption. These characteristics set public goods apart from other types of goods in economics.

**Non-Excludability:** Public goods are non-excludable, meaning that it is difficult or sometimes impossible to exclude individuals from using or benefiting from the good once it is provided. In other words:

People can enjoy the benefits of the public good without having to pay for it.

It is challenging for a producer or provider to charge a price for the good and prevent non-payers from accessing it.

For example, if a city installs street lighting, everyone in the area benefits from improved safety and visibility, whether or not they directly contribute to the cost of the lighting through taxes or fees.

**Non-Rivalrous Consumption:** Public goods are non-rivalrous, which means that one person's consumption or use of the good does not reduce its availability or utility for others. In other words:

The use of the good by one individual does not diminish its availability or quality for others.

Multiple people can benefit from the public good simultaneously without interfering with each other's enjoyment.

For instance, clean air is a classic example of a non-rivalrous public good. One person breathing clean air does not make the air any less clean for others in the same area.

These two characteristics create a unique economic challenge for public goods:

**Free Rider Problem:** Because public goods are non-excludable, individuals have an incentive to be "free riders," enjoying the benefits of the good without contributing to its cost. If everyone behaves this way, it becomes difficult to finance and sustain the provision of public goods, potentially leading to under-provision.

Due to the free rider problem and the fact that private markets often fail to provide public goods efficiently, governments or public authorities typically step in to fund, produce, and provide these goods using tax revenue. This ensures that public goods are available for everyone to enjoy and that their costs are distributed across the population, overcoming the challenge of non-excludability and the free rider problem.