



INSTITUTE OF BEHAVIORAL SCIENCE ■

UNIVERSITY OF COLORADO

AT BOULDER ■

ENVIRONMENT AND SOCIETY PROGRAM

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“Estimation of Economic Value of Water Scarcity and Quality in Chennai, India: The Hedonic Approach”

October 9, 2006

11:30-12:30

The objective of this study is to use hedonic price method to see the impact of water scarcity and quality on economic property values. The analysis has been done for Chennai, one of the fastest growing metropolitan cities in India, and one which faces severe water shortages especially during the dry season. The hedonic price method if correctly estimated reveals the willingness to pay for improved water services. If households are willing to pay for more reliable service, than the welfare gains can be considerable. If not then improving the services could be a waste of public resources. The estimation is done using a structured questionnaire survey of 1700 households. The estimation uses a Box-Cox transformation due to theoretically expected non-linearity of the hedonic price function. The paper is part of the project sponsored by the “South Asian Network for Economics Institutions.”

IBS 3 Conference Room

IBS 3 is the second building north of Starbucks Coffee on Broadway.
Feel free to bring a brownbag lunch.