

## **Abstract**

### **Can Markets Value Water Scarcity and Quality in India? An analysis using Hedonic Approach**

The study tries to analyze the willingness to pay for improved water services, by looking at the effects of water scarcity and quality on economic property values. Our proposed study region is Chennai, which has a dubious distinction of the metropolitan city with severe water shortages especially during the dry season. In this study, a hedonic price method is proposed, to estimate the effect of water availability on house prices in Chennai and second, to estimate the willingness to pay (WTP) for a water project that provides reliable water supply. We propose to collect around 1000 - 1200 household data from different locations containing market prices/rents for houses and their characteristics. The hedonic price method if correctly estimated reveals the willingness to pay for improved water services. If households are willing to pay for more service that is reliable, then the welfare gains can be considerable. If not then improving the services could be a waste of public resources.