

## **Abstract**

### **Trade off between Public and Private Management of Water Services for the Urban Poor: A Case Study of Mumbai**

There is a consensus amongst the countries that the world is facing a looming fresh water crisis, and if immediate investment in this sector is not undertaken it may leave as many as 2/3 of the world population without access to clean water. Given this scenario, the issue involving privatization of water under General Agreement on Trade in Services (GATS) as opposed to the present government regulated system has become a key concern for all countries of the world. This concern stems from the fact that water is essential for the survival of human life, and that it is a scarce resource.

The privatization of water under GATS is based on the rationale that it would lead to a free market system, which would provide an efficient mechanism for the conservation of water. However, there is a concern that market systems may treat the poor and environment as an externality, thereby raising the question of social and environmental sustainability. As opposed to privatization, the government-regulated system though socially just, gives a huge subsidy on water leading to over-consumption and wastage. There is no incentive to conserve a scarce resource like water, making the system environmentally expensive. Consequently, there is a need to redress social costs without undermining the environmental costs.

The proposal aims to devise an innovative methodology to redress both social and environmental costs by determining people's ability and willingness to pay for water services using Participatory information-gathering techniques, Savings approach and Contingent Valuation Method (CVM). The target group for this research would be the urban poor representing slums from each of the 6 zones of the city of Mumbai. This research would be of special use for policy makers in facilitating water pricing that is socially just and environmentally sustainable.