

“Awareness and the Demand for Environmental Quality: Drinking Water in Urban India”, by Jyotsna Jalan, E. Somanathan and Saraswata Choudhuri, SANDEE Working Paper No. 4-03

Abstract

The demand for environmental quality clean air, potable water, sanitation, safe food is presumed to be low in developing countries due to poverty. However, individuals in developing countries often lack the necessary information to make good decisions about environmental hazards in their day-to-day lives. Even if households can afford to take private measures to improve environmental quality, very often they choose not to do so, because they are not aware of the health risks associated with inferior environmental quality. A key policy question is whether increasing awareness about the adverse health effects of environmental pollution will increase demand for a cleaner environment?

In this paper, a household survey from urban India is used to estimate the effects of awareness and wealth on household decisions to purify home water. Average costs of different home purification methods are used to get estimates on willingness to pay for better drinking water quality in Delhi. It is found that measures of awareness such as schooling and exposure to mass media have statistically significant effects on adoption of different home purification methods and therefore, on willingness to pay. The interesting result is that these effects are similar in magnitude to wealth effects – this suggests that lack of awareness may be as important as poverty in influencing demand for clean water.

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