

Non-market economic valuation in developing countries: Role of participant observation method in CVM analysis

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Abstract

Developing countries have high proportion of black money and related corruption in the society in comparison to the developed ones. This aspect has to be kept in mind while conducting contingent valuation method (CVM) questionnaire survey (in-person) at the site whose economic valuation is being done. Participant observation method (POM) and unstructured interview schedule (UIS) are the two means, which must be used in addition to structured interview schedule during CVM studies in developing countries to arrive at a reasonable non-market economic valuation figure of an environmental amenity. It has been observed that researchers generally ignore this fact during survey for primary data collection among respondents who are quite well off, educated and belong to countries of huge parallel economy. However in the present study, we have utilized these two means during primary data collection for a CVM study and reached the conclusion that CVM has to be used with caution even among educated masses in the developing countries.

Keywords: Chandigarh city; Domestic tourists; Residents; Urban forestry; WTP

A comparison between TCM and CVM in assessing the recreational use value of urban forestry

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SUMMARY

In a developing country such as India the contingent valuation method (CVM) cannot always provide a correct valuation of recreational use benefits of an environmental resource given the huge size of the parallel economy involving different categories of middle to upper income group families which have the capacity to move as tourists. The 'participant observation method' and 'unstructured interview schedule' are necessary tools to be used in such cases, in addition to a 'structured interview schedule' which is used for primary data collection in the travel cost method (TCM) and the CVM under normal circumstances. A general model depicting the relation of the ratio of consumer surplus estimated in TCM and CVM with 'corruption perception index' has been developed in the case of tourists from various countries with different world rankings in so far as their parallel economy and level of corruption are concerned.

Keywords: TCM, CVM, Chandigarh, urban forestry, recreational use value