

# Why Coping Cost is An Underestimate of Willingness to Pay? Some Theoretical Explanations Based on Forest Water Link

G. Bansal and Saudamini Das

## **Abstract**

One of the revealed preference approaches of finding peoples' willingness to pay to provide a resource conveniently, for an instance, piped water supply to a locality, is through coping cost estimation, where coping costs are costs incurred in different types of coping mechanism to adapt to a resource stress and live in harmony with the limited resource. However, empirical research shows that willingness to pay elicited through surveys is usually higher than the coping costs incurred for the same resource constraint, though the extent of diversion depends on many socio-economic and spatial locational factors. The present study tries to explain the differences theoretically taking the water scarcity in remote hilly areas as an example.