

Abstract

Pricing of water is an important economic instrument for improving water allocation in terms of quality and quantity as well as its conservation. It improves the sustainability of the resource and helps towards sustainable development. The UNCSD, 2012 (Rio+20) outcome document 'The Future We Want' recognised water to be at the core to the sustainable development as it is linked to a number of key global challenges. The business as usual approach of supply side management involving extraction and exploitation and demand side management through persuasion and popularisation may not work beyond a point due to the pressure of economic growth. Since fresh water availability is finite and is becoming scarce day by day an appropriate water pricing mechanism has to be put in place for ensuring its availability in a sustainable manner. The pricing must adequately reflect water's economic, or scarcity value to the consumers helping those making choices of their water consumption. Thus appropriate water pricing will not only link the sector to the larger economy of the country but also bring in much needed water use efficiency, at both the individual and social levels and trigger innovations for its sustainable use in the face of climate change. The present study is an attempt to understand the concept of water as an economic good, its pricing and its linkage to the sustainable development. In this context the water pricing in India and its adequacy to meet the growing challenges have also been reviewed. The study examined the research hypothesis "*Appropriate pricing of water is a prerequisite for sustainable development in India*".