

ABSTRACT

The basic objective of the present dissertation is to study the retailers and consumers behavior in response to the recent amendment on 'Environmental Protection Act' by the Ministry of Environment and Forestry that comprises various changes which include charging for usage of plastic bags at retail shops. It also studies the level of awareness of the amendments, the consumers' willingness to pay for plastic bags and to predict consumers' reaction towards implementation of alternative carry bags with environmental friendly materials. To collect data for this analysis, a primary survey was conducted at various regions of Chennai city with one questionnaire for consumers and another questionnaire for retailers. The model to estimate the factors affecting willingness to pay was formed. Since independent variable is a binary outcome probit regression has been used to obtain results. With the obtained results, it has been inferred that most of the people sampled are interested in environmental friendly alternatives. It could be seen that in spite of the varied income level the response to the amendments is similar. But only half of the sample-size is willing to accept charges for plastic bags and there was grievance about the high prices charged. A reasonable price for plastic bags provided in the retail outlets is the only major factor which influences the willingness to pay for plastic bags. The average reasonable cost the consumers are willing to pay for plastic bags is around Rs 2.4 per bag. If the price for the carry bags is fixed around this average, the amendment could be implemented effectively. Recommendations are given after comparing regression results with observation from national and international experience.

Key Words: Plastic Bag Charges, Primary Study on Chennai city, Willingness to pay, Consumer and Retailer response, Effectiveness, Income effect analysis.