Rapid degradation of natural habitats due to direct exploitation and conversion into other land uses is a major problem faced by Sri Lanka. Many natural habitats have been converted to settlement schemes, highways, hydropower projects and hotel complexes. The negligence and underestimation of various values in particular, conservation values of natural habitats have been identified as the major reason for this problem.

In order to overcome this problem, an economic evaluation has been carried out for the scenic view of Kadugannawa. The main objective was to calculate the use and non-use values for the scenic view.

A Contingent valuation survey was carried out to estimate willingness to pay for use and non-use benefits of the scenic view using two samples of people in Pahala Kadugannawa of Kegalle district (on site) and Colombo district (offsite) of Sri Lanka.

The resultant willingness to pay (WTP) estimates were consistent with the theory. The mean WTP values for use values of on site and off site were Rs. 441.40 and Rs. 236.10 respectively. Furthermore, onsite and off site mean bequest values were Rs. 440.20 and Rs. 268.50 respectively.

These use and non-use values would be important in decisions on the land use changes in the area. However, further studies would be necessary to estimate the total value of the site.