

# Contract Choice and Trust in Informal Groundwater Markets

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In developing countries, formal institutional mechanisms are often weak or do not exist, which can hinder a market-based allocation of water. Informal groundwater markets are one of the informal institutional arrangement which acts as an alternative means to facilitate such allocation. The first two chapters are the thesis investigates the relative bargaining of contractual agents and choice of contract types in Indian informal groundwater markets. I find that sellers have relatively more bargaining power to decide about the contract. This suggests that the informal groundwater markets are far from competitive markets. Further, we found that the choice of contract type is motivated by the risk-sharing incentive.

The third chapter studies the role of kinship on trust and trustworthiness in rural India. We found kin are trusted more than non-kin, and a large fraction of the variation can be explained by high kin altruism. We evidenced that trustworthiness of kins' depends on how close they are within their kin network.



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234

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