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## AWI This Week

### **Tuesday, 21.5.13**

#### **Economics a & Politics Seminar**

14.15-15.15

L. Venkatachalam,  
Madras Institute of Development Studies

AWI 02.036

"Efficient Allocation of Irrigation Water:  
Evidence from a Field Experiment in India"

### **Wednesday, 22.5.13**

#### **Departmental Workshop**

17.15-18.45

Hannes Rau, University of Heidelberg

AWI 00.010

"Does an unfair process of income determination  
lead to a higher degree of antisocial behavior?"

### Economics & Politics Seminar

L. Venkatachalam

"Efficient Allocation of Irrigation Water: Evidence from a Field Experiment in India"

The present study aims at exploring the feasibility of introducing a market-based economic instrument namely, the tradable water rights, for efficient surface water allocation within the agriculture sector in the Indian context. Focusing on a 'water scarce' river basin, the study estimates willingness to pay (WTP) and willingness to accept (WTA) values of the respective buyers and sellers of 'excess' water available in the basin, in order to assess the potential gains from water trade under the proposed tradable water rights regime. Based on the WTP and WTA values derived from a field experiment conducted within a repeated interaction framework, the study finds that the average WTP values of the buyers exceeds the average WTA values of the sellers thereby paving way for market exchange on excess water at least among sixty percent of the farmers across different canal systems in the basin. The study concludes that introducing tradable water rights as an alternative institutional mechanism will lead to a more efficient allocation of water, generating substantial efficiency gains in the agriculture sector. The policy and other institutional arrangements required for implementing the tradable water rights system are also explored.

### Departmental Workshop

Hannes Rau

"Does an unfair process of income determination lead to a higher degree of antisocial behavior?"

We examine whether an unfair process of income generation affects the degree of antisocial behavior. In order to test this hypothesis, we run an experiment where we vary the way how players' endowments are determined: Either in a fair, a random or an unfair way. After subjects get their initial income, they can anonymously decide to burn money of another player at own costs. The overall destruction rate is about 9-12% in all treatments, but surprisingly, even if money is allocated in a very unfair manner, people do not burn significantly more than in the fair version. So it seems the fairness of income generation does not have any effect on the decision to reduce other players' payoffs. We also look at the behavior of income classes towards each other and find that both "rich" and "poor" players engage about equally in the destruction activity. Furthermore, we ask subjects for the motives of their behavior.

**Editorial deadline for issue 12/2013 of the newsletter:  
Thursday, May 22, 2013, 12 o'clock  
newsletter@awi.uni-heidelberg.de**

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