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Presentation on

**Economic Impact of MGNREGA: Social Accounting Matrix Analysis
in Markabbinahalli Village of Karnataka**

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MGNREGS

Enhancing livelihood security of households in rural areas

Providing 100 days of guaranteed wage employment in a financial year

Creating durable assets with lasting effects

Having a multiplier effect on different sectors of village economy

Present Study

By the Department of Agricultural Economics, UAS,
Bangalore

In partnership with ICRISAT, Hyderabad

To assess the economic impact of MGNREGS in a
ICRISAT - VDSA village in north Karnataka

Objectives of the study

- To develop and validate Village level Social Accounting Matrix (SAM)
- Quantification of multiplier effects of MGNREGA and derivation of economic effects of the MGNREGA interventions
- Derive alternate policy measures and/or government interventions for enhancing welfare of the village economy

Study Area

Markabbinahalli village of Basavana Bagevadi taluka of Bijapur district in Karnataka

A completely dry farming village with no bore well / dug well irrigation since the ground water is saline

ICRISAT has adopted this village for conducting its VDSA (village Dynamics in South Asia) study

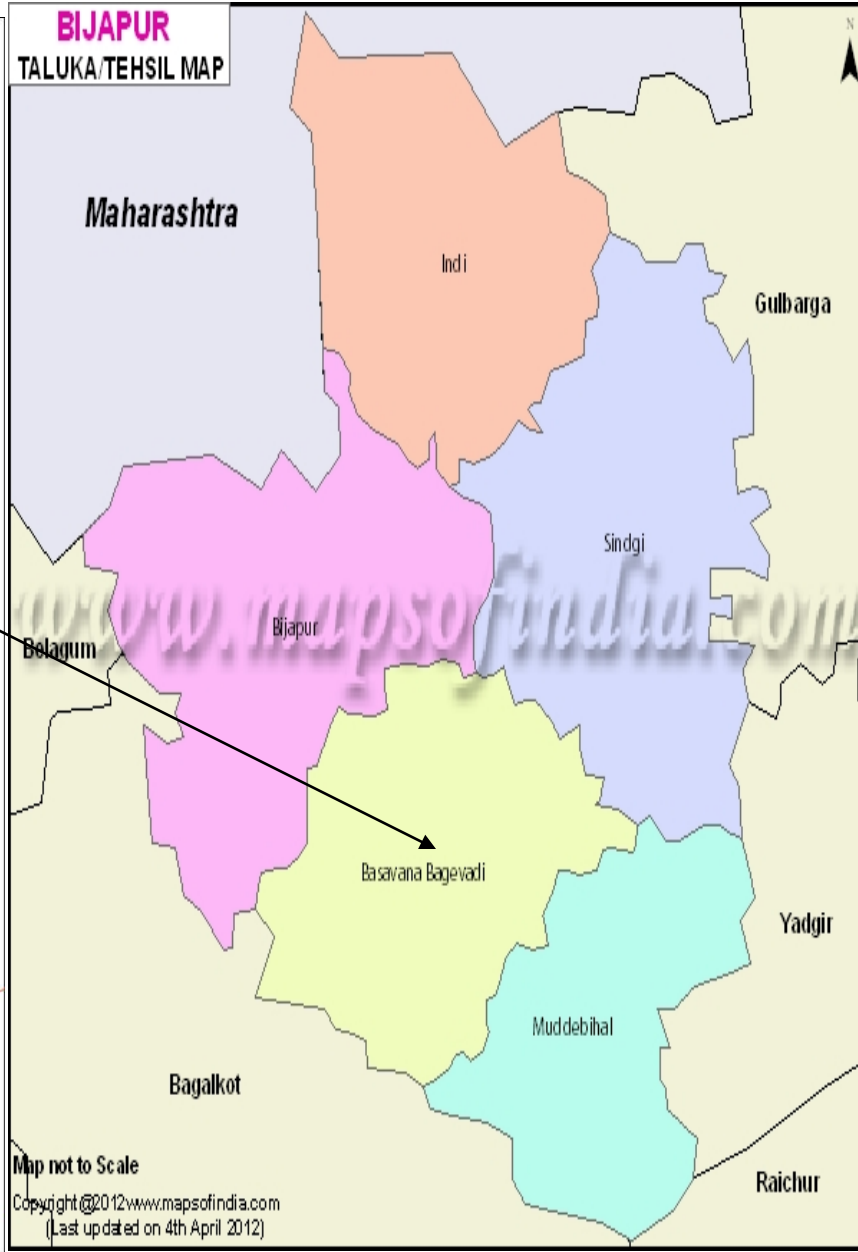
Location of selected district (Bijapur) in Karnataka



KARNATAKA DISTRICT MAP



BIJAPUR TALUKA/TEHSIL MAP



Methodology

Employed social accounting matrix analysis tool

A SAM of 82X82 size was constructed

Data Collection

Primary data

Table 1: VDSA Households Classification in Markabbinahalli

Category	Land classification*	No. of Households in the village **
Landless	<0.1 ha	110
Marginal	0.1 ha - < 1 ha	43
Small	1 ha - < 2 ha	89
Medium	2 ha- < 4 ha	86
Large	> 4 ha	72
Total		400

Source: *Markabbinahalli Village at a Glance (2010) published by ICRISAT.

** Markabbinahalli Gram Panchayat records

Data Collection ... contd.

Primary data ... contd.

From different economic agents

Shops (Agricultural input shop, canteen, Provision store)

Service providers (tailor, barber, drivers, labourers and so on)

Regarding details of employment provided, receipts and expenditure

Data Collection ... contd.

Secondary data

From Government institutions (Gram Panchayat, Anganwadi Centre, School, Post Office, Health Care Centre, financial institutions located in Devarhippargi & Satihal and ICRISAT VDSA database)

Official websites <http://nrega.nic.in/netnrega> and <http://panchamitra.kar.nic.in>

Structured questionnaire were used to collect information on the transaction both within and outside and were recorded separately and source wise

Results

Table 2 Aggregated Social Accounting Matrix for Markabbinahalli Village for 2012-13(values in Rs. lakhs)

	ACTIVITY					COMMODITY				
	AGRI	CHAR	NREGP	TRD	OTH	AGRI	CHAR	NREGP	TRD	OTH
AGRI	0.0	0.0	0.0	0.0	0.0	342.4	0.0	0.0	0.0	0.0
CHAR	0.0	0.0	0.0	0.0	0.0	0.0	18.3	0.0	0.0	0.0
NREGP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	15.0	0.0	0.0
TRD	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	174.2	0.0
OTH	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	265.4
AGRI	11.0	0.0	0.0	72.3	0.0	0.0	0.0	0.0	0.0	0.0
CHAR	0.0	0.0	0.0	8.2	0.0	0.0	0.0	0.0	0.0	0.0
NREGP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TRD	20.1	0.0	0.0	5.0	0.1	0.0	0.0	0.0	0.0	0.0
OTH	29.2	0.0	0.0	2.2	0.7	0.0	0.0	0.0	0.0	0.0
LABOUR	86.8	9.2	4.2	4.2	2.4	0.0	0.0	0.0	0.0	0.0
CAPITAL	36.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
HOUSE	81.9	9.2	0.0	42.3	135.7	0.0	0.0	0.0	0.0	0.0
INST	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0
S&I	58.5	0.0	0.0	0.0	2.6	11.0	0.0	0.0	0.0	0.0
ROW	18.7	0.0	10.8	40.1	123.3	0.0	0.0	0.0	0.0	0.0
TOTAL	342.4	18.3	15.0	174.2	265.4	353.3	18.3	15.0	174.2	265.4

Table 2 Aggregated Social Accounting Matrix for Markabbinahalli Village for 2012-13(values in Rs. lakhs) ... contd.

	FACTOR SERVICES		HOUSE	INST	S&I	ROW
	LABOUR	CAPITAL				
AGRI	0.0	0.0	0.0	0.0	0.0	0.0
CHAR	0.0	0.0	0.0	0.0	0.0	0.0
NREGP	0.0	0.0	0.0	0.0	0.0	0.0
TRD	0.0	0.0	0.0	0.0	0.0	0.0
OTH	0.0	0.0	0.0	0.0	0.0	0.0
AGRI	0.0	0.0	34.0	0.0	0.0	236.0
CHAR	0.0	0.0	10.1	0.0	0.0	0.0
NREGP	0.0	0.0	0.0	0.0	15.0	0.0
TRD	0.0	0.0	14.5	0.0	5.0	129.4
OTH	0.0	34.2	101.7	0.0	0.4	97.1
LABOUR	0.0	0.0	10.4	3.6	0.0	52.1
CAPITAL	0.0	0.0	47.5	0.0	0.0	0.0
HOUSE	167.8	0.0	48.0	46.9	60.4	27.0
INST	0.0	0.0	0.1	0.0	0.0	65.1
S&I	0.0	2.1	117.0	15.1	0.0	0.0
ROW	5.0	47.5	235.9	0.1	125.3	0.0
Total	172.8	83.9	619.1	65.6	206.2	606.7

Where AGRI.: Agriculture, CHAR: Charcoal, TRD: Trade (includes both Agro-input and commodity), OTH: Other service providers, HOUSE: Households, INSTI: Institutions (Panchayat and Temple), S& I: Savings and Investment, ROW: Rest of the World

Table 3 Impact of Rs. 10 lakh additional investment in MGNREGS on Markabbinahalli village Economy (A simulation)

Particulars	Multiplier Effect	Impact for Rs. 10 lakh (Rs.)	Base Value for Agriculture Year 2012-13 (Rs.)	Percentage Impact
Hired labour services	0.2884	2,88,438	98,75,531	2.92
Small family households	0.0950	95,019	92,88,363	1.02
Landless family households	0.1071	1,07,097	1,12,82,571	0.95
Repair and maintenance shop	0.0006	633	72,000	0.88
PDS shop	0.0073	7,277	9,07,825	0.80
Private School	0.0040	4,021	5,20,028	0.77
Provision store	0.0370	37,015	50,31,080	0.74
Doctor	0.0068	6,795	9,22,101	0.74
Barber	0.0012	1,192	1,64,250	0.73
Grinding mill	0.0023	2,294	3,16,240	0.73
Canteen	0.0051	5,108	7,05,050	0.72
Others commodity trade	0.0103	10,314	14,65,594	0.70
Gold smith	0.0002	226	32,600	0.69
Tailor	0.0042	4,192	6,13,825	0.68
Marginal family households	0.0696	69,632	1,04,40,276	0.67
Medium family households	0.0568	56,790	1,06,52,084	0.53

Table 3 Impact of Rs. 10 lakh additional investment in MGNREGS on Markabbinahalli village Economy (A simulation) ... contd.

Particulars	Multiplier Effect	Impact for Rs. 10 lakh (Rs.)	Base Value for Agriculture Year 2012-13 (Rs.)	Percentage Impact
Charcoal making	0.0078	7,781	18,29,654	0.43
Black smith	0.0016	1,632	3,91,902	0.42
Jowar commodity	0.0103	10,332	25,69,774	0.40
Machinery hired out	0.0109	10,885	31,28,018	0.35
Capital services	0.0292	29,178	83,84,979	0.35
Temple	1E-05	7	2,145	0.33
Other commodity	0.0116	11,622	38,31,617	0.30
Large family households	0.0597	59,690	2,02,44,151	0.29
Post office	0.0042	4,184	16,81,297	0.25
Family labour services	0.0099	9,938	74,00,994	0.13
Cobbler	0.0002	216	1,82,400	0.12
Wheat commodity	0.0027	2,646	25,22,986	0.10
Transport service provider	0.0055	5,490	88,91,502	0.06
Pigeon pea commodity	0.0026	2,555	88,80,075	0.03
Chickpea commodity	0.0022	2,232	83,25,896	0.03
Agri-inputs trade	0.0011	1,055	35,14,000	0.03
Total	1.8555	18,55,486	16,90,99,228	1.10

Table 4: Summary of impact of Rs. 10 lakh additional Investment in MGNREGS on Markabbinahalli Village Economy

Particulars	Base Value for Agriculture Year 2012-13 (Rs.)	Multiplier value	Impact of Investment in MGNREGS	
			Rs.	% change
Output Multiplier	8,15,28,134	1.14	11,39,000	1.40
Employment Multiplier	6,19,07,445	0.30	2,98,000	0.48
Household Income Multiplier	1,72,76,525	0.39	3,88,000	2.25

Reasons for low impact of MGNREGS

Small scale ... Total outlay of Rs. 15 lakhs (2012-13)

Proportion of labour component ... 28 percent as against 60 percent mandated (Rs. 4.2 lakhs, 2.43 % labour income)

Weak linkages with other accounts ... Material components were procured from outside the village

Reasons for low impact of MGNREGS ... contd.

Agricultural wage rate ... Rs. 300 per day

Non-farm wage rate ... Rs. 350 per day

MGNREGA wage rate of Rs. 174 per day

On an average, in a year, a family worked for ...

27 days under MGNREGS

80 days in non-farm activities

253 days in agriculture

Total family income was Rs. 1, 08,598

Income from MGNREGS was Rs. 4698 (4.32 percent)

Village workers not attracted to MGNREGS works

Reasons for low impact of MGNREGS ... contd.

Income flow into the village economy from temporary labour migration ... Rs. 52.1 lakhs

... 13 times that of labour earnings from MGNREGS

Local people and local leaders were not showing zeal

Operation of backward bending supply curve theory of labor

Summary and Policy Implications

For MGNREGS to have stronger inter linkages with other sectors of the village economy

Panchayat office bearers and members provide good leadership

Improved governance with respect to programme implementation

Use MGNREGS labour for executing works on individual farms

Summary and Policy Implications ... contd.

Selection of works to address issues related to creating better amenities, improving quality of life and increasing farm productivity

Works ... Better sanitation, rain water harvesting, tree planting, supply of good drinking water, rural connectivity, rejuvenation of traditional water bodies and land improvement on individual farms

Good quality in work execution

Financial transparency

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Desiltation of village tank under MGNREGA in Markabbinahalli



Drainage work under MGNREGA in Markabbinhalli



Public toilet constructed under MGNREGA in Markabbinhalli



Thank You