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P.S. Srikantha Murthy
Assistant Professor (SG)

20th December 2013

To
Dr Madhusudhan Bhattarai,
Principal Scientists (Economics) –
Markets, Institutions and Policies,
ICRISAT, Patancheru, AP.

Dear Dr Madhusudan Bhattarai,

Sub: Brief research report from UAS, Bangalore- reg

Please find enclosed a hard copy (CD) of the research report of the project entitled "**Assessment of economic impacts of MGNREGA in selected two villages of Karnataka state using Social Accounting Matrix (SAM)**" funded by ICRISAT to your office by speed post.

The said report contains the details of work done that includes,

1. Background and Context of MGNREGA in Karnataka
2. Objectives of the study
 - a) Developing an empirical village level Social Accounting Matrix (SAM) for two villages in Karnataka, one in Tumkur district in Southern region and the other in Bijapur district in Northern region. SAM analysis of impacts of MGNREGA interventions, and investment multiplier effects in the selected villages.
 - b) Policy simulations using SAM to form alternate policy measures, and analysis of implications of MGNREGA on the synergies between safety nets and agricultural and rural development interventions; labour wage rate, labour scarcity (and out migration), farm production and other major changes brought in agricultural activities in the selected villages of Karnataka. This includes analysis of multiplier effects of MGNREGA and

direct and total village wide economic effects of the MGNREGA program interventions in the selected villages.

- c) Based on results of the SAM, derivation of policy recommendations for welfare of the village economy.

3. Participation in the Project Planning Workshop of the project ‘Impacts of Social Safety Nets Programs in Semi-Arid Tropics of India’ held in ICRISAT, Hyderabad, on 18-19 December 2012. Made presentation on the following topics in the workshop.

a) The Social Accounting Matrix: Concepts and Methods

b) SAM Multiplier Analysis

c) Village level SAM: To be constructed for selected villages in Tumkur and Bijapur districts of Karnataka.

d) Planned Output and Work Plan

4. Visit to Tharati and Belladamadagu, the two VDSA villages in Tumkur District and selection of the village for the present study. Belladamadagu village was selected since it had an additional major activity of dairying, where as Tharati village is beset with sand mining problem. Later on preliminary surveys conducted in Markabbinahalli and Kappanimbargi villages of Bijapur district prompted us to select Markabbinahalli, based on the crops cultivated in the village, which was more attuned with ICRISAT mandate.

5. Conducting Focused Group Meetings to study MGNREGA activities in VDSA villages which gave insight into a) Discrepancies in the information available in official records of the government with respect to MGNREGA activities undertaken; b) benefits derived ; c) Reasons for poor performance of MGNREGS in these VDSA villages; d) Reasons for labour scarcity in agriculture; e) reasons for rise in agricultural wages; f) Suggested solutions; g) Sand mining vs MGNREGA and Agriculture

6. Discussion with Dr Arjunan Subramanian who has developed a Micro-SAM Multiplier Model for Kanzara village in Murtizapur Taluk of Maharashtra. Dr Arjunan Subramanian, University of Glasgow, UK has developed village SAM as part of his PhD thesis on “Distributional Effects of Agricultural Biotechnology in a Village Economy: The Case of Cotton in India”. On invitation by Dr MG Chandrakanth he visited the Department of Agricultural Economics, UAS, GKVK and had discussion with our research team. It helped our team immensely in preparing schedules and data collection.

7. Preparation of schedules: The M.Sc. students, after completion of their first year PG programme and the project assistant, appointed to speed up the work, on the advice of Dr

Madhusudan Bhattarai prepared the schedule for data collection, both in Markabbinahalli and Belladamadagu villages. It covers the information needed pertaining to all the activities, factors of production, earnings, expenditure, savings, MGNREGA works, from all the household categories, local government, SHGs and rest of the world. A copy of the schedule has been with this report.

8. Data collection: The students, who are part of the project, with the help of ICRISAT field staff have collected data in Markabbinahalli and Belladamadagu villages from all the households. As advised by the ICrisat team managing MGNREGA project, we are using VDSA data related to crop cultivation. VDSA data of Markabbinahalli for the year 2012-13 was received last week and Belladamadagu data is awaited.

9. Preparation of village SAM structure: The research team from the University has prepared a village SAM structure for Markabbinahalli. A copy of the same has been enclosed with this report. Data entry work of Belladamadagu village is in progress. SAM construction work would be completed by the end of January 2014.

10. Workshop on Assessment of Economic Impact of MGNREGA using village SAM held on 21st and 22nd October 2013 in the Department of Agricultural Economics, UAS, GKVK, Bangalore. The participating institutions in the workshop were UAS, Bangalore; ICRISAT, Patancheru; GIDR, Ahmedabad. Members who participated in the discussions were Mr P.S. Srikantha Murthy, Dr M.G. Chandrakanth, Mr Gourav Kumar Vani, Mr Chikkathimmegowda, H.R. , Mr Kiran Kumar Patil, Dr M.R. Girish, Dr Murthuza Khan from UAS, Bangalore, Dr Madhusudhan Bhattarai from ICRISAT, Dr Rudra N Mishra from GIDR, Ahmedabad and Mr Ravikumar from Hyderabad University. Schedules to be used for data collection, construction of village SAM, estimating multipliers and constraints faced in these activities were discussed in detail.

11. Participation in the “**The Future Of MGNREGA In The Emerging Context Of Rural India: Learnings From Selected States**” Jointly organized by GIDR, Ahmedabad and ICRISAT, Hyderabad on 10th and 11th December 2013 at Ahmedabad, Gujarat. Mr P.S. Srikantha Murthy, Principal Investigator and Mr Kiran Kumar Patil, PhD Scholar participated in the work shop, helped GIDR research team in preparing the draft SAM for selected village of Gujarat and presented the progress in the project work at Markabbinahalli and Belladamadagu. A copy of the PPT used in presentation is enclosed with this report.

Acknowledgement:

We thank Dr Madhusudhan Bhattarai and Dr N Nagaraj, Principal Scientists (Economics) - Markets, Institutions and Policies, International Crops Research Institute for the Semi-Arid Tropics (ICRISAT), Patancheru for their support and encouragement.

Our sincere thanks are also due to Sri Mohan, Sri Venkataramana Reddy, Sri Ajith Patil and Sri Vijay, field staff of ICRISAT working in Tharati, Belladamadagu, Markabbinahalli and Kappanimbargi villages, respectively, for helping our research team by arranging focused group meetings and field visits.

The research team is indebted to the respondents of all the four villages for sharing their experiences, opinions and providing valuable information.

We request you to kindly release us the second and third installments of the project amount to carry out further work. The final report would be submitted by June 2014.

With warm regards,

Yours sincerely,
P.S. Srikantha Murthy