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# INTERSECTORAL LINKAGE OF VILLAGE ECONOMY BY APPLICATION OF SOCIAL ACCOUNTING MATRIX (SAM) IN BELLADAMADAGU VILLAGE OF KARNATAKA

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In this study, the key sectors of the village economy are identified by estimating output, income and employment multipliers generated from Social Accounting Matrix (SAM). For this purpose, a 64 X 64 sector SAM is constructed for Belladamadagu village of Tumkur district highlighting transactions for 2012-13. The primary data from 25 households, 21 farmers, 10 leaf plate makers, 4 luggage auto transport operators, 10 households involved in services have been used. In addition, the study has analyzed the role of MGNREGA by obtaining data from 35 participants and 22 non participants of MGNREGA.

The weighted column multiplier is the highest for dairy cooperative (3.58), followed by dairy (3.5), tamarind harvesting and processing (3.27). The weighted column multiplier for NREGA was 1.47. Thus, for 1 Re. increase in final demand of dairy cooperative, the output of the entire economy increases by Rs.3.58, while that due to tamarind harvesting and processing the output of the entire economy increase by 3.27. The output multiplier for MGNREGA was a modest 1.47, which is far lower than other output indicators. Thus, MGNREGA is yet to make economic impact in the village economy of Belladamadagu.

The reasons for weak SAM multipliers could be traced to wage and income differentials between MGNREGP and agriculture as well as non-farm sectors. Agricultural wage rate (Rs. 200 per day) and non-farm wage rate (Rs. 300 per day) in the study area are substantially higher than the MGNREGA wage rate of Rs. 174 per day by 44 percent. An average village family worked for 17 days under MGNREGP, 64 days in non-farm activities and 242 days in agriculture. At the current wage rates, the annual family wage income from all sources is Rs.70,558.

The wage income from MGNREGA (Rs. 2958) here forms a meager 4.19 percent of total annual family wage income. Therefore, even if the households were willing to work, their reservation wage in MGNREGA is relatively low that deters them to offer their labor for MGNREGA activities. In addition, on a positive note, MGNREGA is playing the role of MSP for labor wage since the wage rate in non agricultural activities as well as in agriculture activities is higher than Rs. 174. Thus, the MGNREGA output multipliers are weak and have played a crucial role in providing the downward threshold for the wage rate, increasing the wage incomes for rural households. With the higher multiplier for tamarind harvesting and processing as well as for leaf gathering and leaf plate making, compared with MGNREGA activities, is a prima facie indicator of the positive role played by MGNREGA in increasing the output multipliers of labor intensive activities such as dairy, dairy cooperative, tamarind harvesting and processing and leaf plate making.