Economic Impact of Social Protection Programmes in India: A Social Accounting Matrix Multiplier Analysis

Topic: Input-Output Analysis for Policy Making
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Social protection consists of governments' policies and programs designed to reduce poverty and vulnerability by promoting efficient labour markets, diminishing people's exposure to risks, and enhancing their capacity to manage economic and social risks, such as unemployment, exclusion, sickness, disability and old age. In recent years, social protection programmes have found place in the agenda of many governments. Many studies show that measures such as cash transfer programmes and rural employment guarantee schemes have positive impact on the poverty reduction and living standard of the people. There are many methods for the assessment of impact of social protection programmes. Since most of them do not take into account the whole economy, they have limited significance for policy analysis. Impact analysis through Social Accounting Matrix (SAM) multiplier may be the best alternative. A SAM framework is ideally a matrix representation of the circular flow of income in an economy. It is a single entry accounting system that represents all transactions and transfers between different sectors of production, factors of production, and institutions of the economy in a single matrix format. Probably, there are no studies, especially in Indian context, which have analyzed the impact of these programmes through SAM multiplier. Therefore, it is pertinent to have such study.

Moreover, there are many social protection programmes (e.g. MNERGA, Direct Cash Transfer, Indira Awas Yojna, Various Pensions schemes, etc) in India. A comparative analysis pertaining to their impact on sectoral outputs, employment, gross values added and households' income may be worthful for policy makers and researchers.

The present study aims to analyze the economic impact of various social protection programmes in India through SAM multiplier analysis and to compare the economic impacts of various social protection programmes. The main data sources are SAM for India 2007-08. The expenditure on various social protection programmes have been taken for year 2009 which are obtained from CSO, India. The findings show that if the same amount is allocated for MNREGA and Indira Awas yojana and Direct Cash Transfer, the output effect, GVA effect and income effect are highest in case of Indira Awas Youjana, MNREGA and Direct Cash Transfer respectively. Morevoer, in general, the overall economic impact of MNREGA and Indira Awas Youjna are almost same and higher than Direct Cash Transfer.

Key words: MNERGA, Direct Cash Transfer, Social Protection Programmes, SAM Multiplier
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