

Social Audit of MG NREGAs in Himachal Pradesh: Methodologies and Challenges

Rajeev Bansal¹ • Neema Gnanadev²

¹Research Scholar, Department of Rural Development, Gandhigram Rural Institute, Tamil Nadu

²Asstt. Professor, Department of Rural Development, Gandhigram Rural Institute, Tamil Nadu

Email Id: rajeev.bansal14610@gmail.com¹, neemabr@gmail.com²

Abstract. The paper aims to investigate the methodologies of conducting social audits under MG NREGS in selected districts of Himachal Pradesh. The paper focus on the significant issues including the difficulties in following social audit process, effectiveness of existing social audit methodology i.e. mechanism to undertake social audit in MG NREGS.; the paper examines the four dimensions viz. Process of Social Audit, Organising Gram Sabha, and Transparency followed in Social Audit Process and Supervision of Implemented works. The role played by three different institutions which facilitated and supported the gram panchayats on social audits. The demand and supply analysis has been done through the view point of MG NREGS workers and non workers from demand side panchayat officials has been obtained from supply side, to reach reasonable conclusions. The article makes logical recommendations for devising a methodology for effective social audit in MG NREGS in HP based on the analysis and findings of the primary data collected.

Keywords: Accountability, Community, Gram Sabha, Civil works, Methodology, Social Audit

1 Introduction

In a democratic country, people want to be a part of governance. They want not only participation in all affairs and activities but also demand accountability. The citizen centric administration, the space for the common man, the service guarantee acts brought in by different states, the government with electronic tools; all have been the tested instruments of downward accountability. One such tool of accountability is “Social Audit”. The word “Audit” attached to the term most of the time lead people to a wrong direction. People assume it to be a financial audit by the society, whereas, it is an audit by the stakeholders, the members of the society to monitor and evaluate the results, benefits or outcomes incident upon them from the programmes or schemes implemented for their benefits or socio economic upliftment or value addition to quality of life.

MG NREGS is a unique scheme to provide employment guarantee to job seekers as a livelihood security which is nowhere available on the globe. To ensure accountability and

transparency in the planning and implementation, social audit has been made an integral part of the scheme wherein the stakeholder undertake the analysis of execution of the scheme to assess the benefits accrued to them in comparison to the vision, mandate and objectives of the programme. The concept of social audit is still at the evolving stage at the world platform, the case for MG NREGA is no way different from the world scenario. The provision of social audit has been spelled out through MG NREG Act, scheme and guidelines, yet the desired results could not be obtained despite the changes and amendments to this aspect have been brought in many times. The amendments brought in over the time failed to specify a method of undertaking social audit to arrive at the desired results. The clarity on the social objectives, their indicators, the method to monitor the outcomes have not been spelled out and has remained a major snag in this regard. The efforts done by a few states give it a different dimension, i.e. financial auditing by the members of society, however, the vision is to audit by the members of the society to monitor the results envisioned; the social objectives vis-a-vis results accrued to them since the members of society are neither concerned with the procedural part of the implementation nor have the capacity to undertake the financial audit. The audit process needs covenant on social objectives and clarity on what the organization aims to achieve and what it does to achieve this before a decision can be made on how to monitor and measure the performance.

There are repeated efforts to put a system in place by Government of India but it failed to deliver the expected results. The different instructions, directions and guidelines issued to put in place a robust system functional have remained infructuous. The desired results could not be obtained since the structures described in above guidelines only gave account of end product of social audit and never explained the mechanism or methodology to reach that end product. The process and mechanism for the purpose of Social Audit has not been explained. *The methodology involves the how' part of achieving the result, the process of number of activities which are undertaken to reach the output.*

2. Literature Review

Oxford Dictionary has defined *methodology* as body of methods used in particular branch of activity. In the context of social audit, the methodology means the process of mechanism i.e. how the activity has been prescribed in different tool kits or by the authors or by the researchers or in the different theoretical books or research or evaluation studies. A short history of Social

Audit describes the evolution of the thought and practical methods in the second half of the 20th century. In the mid 1970s in the UK and Europe, the term Social Audit emerged to describe evaluations that focused on the likely impact on jobs, the community and the environment if a particular enterprise or industry were to close or relocate. These evaluations used the term Social Audit to clearly make the point that they were concerned with the ‘social’ and not the ‘economic’ consequence of a particular action. These evaluations had no shared structure or method, no agreed criteria and little in common other than the term Social Audit and were used, in political ways, to counter commercial threats. Over the past two decades evaluations on the impact of particular actions have become ever more sophisticated and at the same time have dropped the term Social Audit. Social Audit as used by organisations to help them achieve improved performance is quite different in method and practice from the early evaluations.

The first recorded example of a methodology for a full organisational Social Audit was developed in 1978 at Beechwood College (an independent worker co-operative training centre in the England). The first presentations of the Social Audit were given in training courses and conferences run between 1978 and 1984 at Beechwood. A manual called Social Audit – A Management Tool for Co-operative Working by Freer Spreckley, (1981) was published. This was the first time, the method of Social Audit was fully described, it contained an organisational method for democratic organisations to use in measuring their own social performance. It contained the four main elements Social Purpose, External View, Internal View and Social Accounting. As part of this work, Beechwood College also developed a set of Social Audit legal clauses for an organisation’s constitution, which were later used, in 1985, as the basis for the Industrial Common Ownership Movement’s model constitutions. It wasn’t until the New Economic Foundation (NEF) in London, established in 1984, started to work on Social Audit in conjunction with the Strathclyde Community Business Ltd. (SCB) in the early 1990s that any alternative method to the Social Audit Toolkit was developed. They worked with Traidcraft plc (a fair trade NGO) issuing the first set of accounts in 1993. There followed a number of private companies that wished to measure their performance using Social Audit.

In 1997, Social Enterprise Partnership developed the first European Social Audit programme involving groups from Ireland, Spain, Finland, Sweden, Denmark and England with Social Audit Toolkit model. Bauer and Fenn, (1973) pioneers in the development of modern

forms of social auditing, take it to mean: "A commitment to systematic assessment of and reporting on some meaningful, definable domain of a company's activities that have social impact". Sasha Courville, (2003) put forth that social auditing processes, if done well and situated within a stakeholder based institution, can aid democratic processes. Diana Auret and Stephanie Barrientos, (2004) developing a participatory approach for social audit methodology, found the need for a different philosophy, which is more worker-centred, and aims to engage them as pivot to the whole auditing process. This methodology rests on a process approach, which engages management and worker education and aims to instill learning and improvement rather than simply checking for one-off compliance.

In Indian context, social audit found mention in the recommendations of Ashok Mehta Committee (1977) constituted to revive panchayati raj institutions with new vigour and greater developmental role at the grass root level, recommended establishment of "Social Audit Cell" at the district level as a watch dog agency to monitor the utilization of funds earmarked for the socio-economic development of weaker sections. Dilip Singh Bhuria Committee (1994), after 73rd Constitution Amendment, recommended bestowing statutory status upon the Gram Sabha to conduct the Social Audit at the Panchayat level not be in nature of financial audit or even of general programme discussions, but emphasized that records would be subjected to close scrutiny and the criterion would be not financial disbursement but whether the intended benefits had reached the target groups. Civil society organisations (CSOs) like Mazdoor Kissan Shakti Sangathan (MKSS), Parivartan, Action Aid India etc. facilitated people's audit or public audit, particularly of some developmental schemes, in the last decade of the 20th century. These audits played a crucial role in educating people and enabled them to put pressure on the political parties and the administrative system to take corrective measures.

In context of Indian conditions, Vision Foundation (2005) in the report to Planning Commission defined, "Social Audit as a process in which, details of the resources, both financial and non-financial, used by public agencies for development initiatives are shared with the people, often through a public platform. Social Audit allows people to enforce accountability and transparency, providing the ultimate users an opportunity to scrutinize development initiatives." Centre for Good Governance, (2005), moving ahead in the direction of methodology, has suggested adopting a research methodology in which data is collected using a mixture of

techniques that will facilitate the researcher in capturing both quantitative and qualitative information. Mihir Shah, (2008) stressed the need to ensure that institutional mechanisms are in place to check rampant corruption that has plagued employment programmes in India since hundreds of thousands of crores over the last several decades have ended up going down the drain or have lined various pockets. This need strong social audit mechanisms and penalties to check such malpractices. Admitting the relevance of social audit, Karuna Vakati and Sowmya Kidambi, (2007) have highlighted the potential of social audit to make delivery of public programmes more effective; but at the same time observed that the process is still at evolving stage.

The World Bank and SPIU Report (2007) laid stress by observing that the process for the rural employment guarantee scheme can only be demystified to functionaries if the present process of the social audit includes training for them on what is expected from them on part of social audit, and the methodology to support the initiative. Mihir Shah & Pramathesh Ambasta, (2008) have aptly stressed that mainstreaming social audits has remained a distant dream and social audit so far remains a process mainly driven top-down by the government. National Consortium of Civil Society Organizations on NREGA (2009), reported that Social audit is a qualitative process that needs tremendous efforts at grassroots mobilization and preparedness of the community to understand what the audit process means and how community can use it to direct development interventions in their own villages. Thus, the process leading up to the social audit event and persistent follow-up after the event are as important as the event itself. Unfortunately, many NGOs have also been unable to resist the temptation of bidding for social audit tenders at ridiculous rates, ending up making a mockery of one of the most radical and critical provisions of NREGA.

3. Objectives

The prime concern of this research work was to explore the methodologies followed in conducting social audit in MG NREGA and the challenges faced. The specific objectives to undertake this study have been elucidated as under-

- i. To study and examine the methodologies in conducting social audit in MG NREGS from the view point of direct stakeholders.

- ii. To explore the results of the methodologies in contrast with the enshrined stakes of the community in terms of process of social audit, organising Gram Sabha, transparency in social audit process and supervision of implemented works of MG NREGS.
- iii. To find out whether the methodologies with aforesaid dimensions could result into objective social audit in MG NREGS and the challenges faced in this regard.
- iv. To recommend a suitable methodology to meet the challenges for objective social audit in MG NREGS in HP.

4. Research Methodology

The study has been based on the primary data collected from the sample area. The overall flexible research design provided an opportunity for consideration of different aspects of the problem followed for the exploratory study with non-probability (purposive or judgment) sampling design. The study area extended to the three districts of Himachal Pradesh i.e. one Gram Panchayat each from high hills district, middle hills district and low hills district besides representing three phases of MG NREGA implementation. The occurrence of social audit in Himachal Pradesh is quite limited, actual social audit is hardly taking place. The social audit practices studied represent three Gram Panchayats facilitated and capacity built on social audit in past- one by the State Institute of Rural Development from MG NREGS Phase I District, second by an NGO from MG NREGS Phase II District and third by the Department of Rural Development from MG NREGS Phase III District. The information was collected from the three main categories of respondents-officials, MG NREGS workers and non-workers through structured schedules, analyzed with a model and descriptive method.

Model Construction:

The model is mainly based on the co-relational hypothesis between methodologies and the dimensions involved in social audit of MG NREGS in HP.

Explanation of the Model Construction

Model Construct/ Acronym	Dimensions	Measurement Items
Social Audit Methodologies (SAM)	<ul style="list-style-type: none"> • Process of Social Audit • Organising Gram Sabha • Transparency in Social Audit Process • Supervision of Implemented works 	10 observable indicators (ESAM _{1,1} to ESAM _{1,10}) 10 observable indicators (ESAM _{2,1} to ESAM _{2,10}) 10 observable indicators (ESAM _{3,1} to ESAM _{3,10}) 10 observable indicators (ESAM _{4,1} to ESAM _{4,10})

Enumeration of Model Construct

The enumeration of model construct for dimensions, measurable items and calculation methodology is presented below:

$$\text{Aggregate Score: } AS(MC)_{l,j} = \sum_{i=1}^q w_{l,i,j} EMC_{l,i,j} + \zeta_{l,j}$$

Where AS(MC) denotes aggregate score of Model, l ($l = 1, 2, 3, 4$) denotes the dimension of the constructs, j ($j = 1, 2, 3$) denote Gram Panchayat and i ($i = 1, 2, \dots, q$ refer to table 5.1.1) denote observable indicators. Further, $EMC_{l,i,j}$ is measured as dummy variable (Yes =1, No=0) and $w_{l,i,j}$ denote the weight scores for l th dimension, i th observed indicator and j th Gram Panchayat, $w_{l,i,j} = 1$ if 'yes' and 0 otherwise. ζ is the measurement error. The product has been converted into percentage term to obtain Percentage Aggregate Score and further average has been drawn to obtain Average Composite Score.

4.1 Social Audit Methodologies

A methodology is a process of undertaking any activity in a particular manner indicating the process of executing the activity. The methodology of social audit i.e. process of social audit, organising Gram Sabha, transparency in social audit process and supervision of implemented works were studied in the three sample Gram Panchayats to track the methodology of social audit in MG NREGS.

The MG NREG Act aims at social protection for the most vulnerable people living in rural India by providing employment opportunities for at least 100 days of guaranteed wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work with livelihood security for the poor through creation of durable assets, improved water security, soil conservation and higher land productivity by effecting greater transparency and accountability in governance. MGNREGA is a powerful instrument for ensuring inclusive growth in rural India through its impact on social protection, livelihood security and democratic empowerment. The provision of social audit has been included as a means of continuous public vigilance to ensure public accountability in the implementation of MG NREGS. Social Audit is an effective means for ensuring transparency, participation, consultation and accountability under MG NREGA. The process of Social Audit combines

people’s participation and monitoring with the requirements of the audit discipline. The study conducted gave an insight into the modus operandi of undertaking social audit in MG NREGS, especially in terms of a methodology since it is statutorily mandated in MG NREGA. The analysis presented a picture of practical aspects of undertaking social audit in the sample gram panchayats.

The data collected from the three sample gram panchayats for all the ten observable indicators in measurement items against all the four dimensions of model construct has been processed. The result obtained from the enumeration in percentage aggregate scores have been put together in the Table 1.1 to present the comparison of the three sample GPs with average composite score in abridged form.

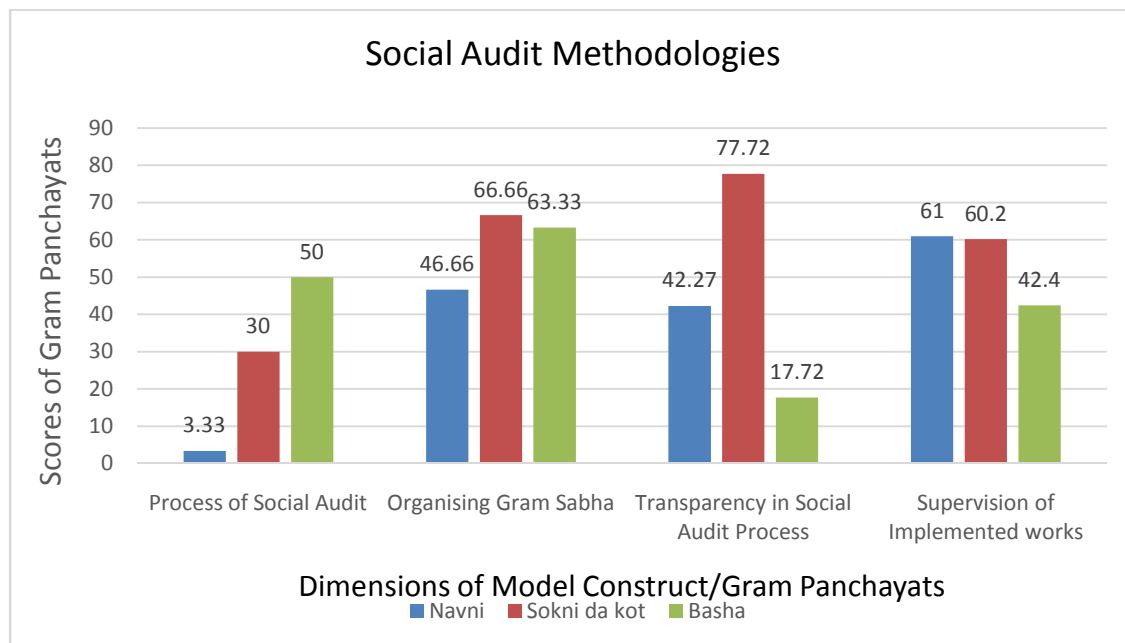
Table – 1.1: Social Audit Methodologies – Aggregate Percentage Scores

MG NREGA Phase	Phase I	Phase II	Phase III
District	Sirmour	Kangra	Solan
Block	Nahan	Dharamsala	Kandaghat
Gram Panchayat	Navni	Sokni Da Kot	Basha
Process of Social Audit	3.33	30.00	50.00
Organising Gram Sabha	46.66	66.66	63.33
Transparency in Social Audit Process	42.27	77.72	17.72
Supervision of Implemented works	61.00	60.20	42.40
Average Composite Score	38.32	58.65	43.36

On composite score, GP Sokni Da Kot shown a better status in comparison to other two sample Gram Panchayats. The second place on Social Audit Methodologies has been secured by GP Basha though placed poorest among others on account of Transparency in Social Audit Process. Supervision of Implemented work had been a strong point of GP Navni in this context. The “Process of Social Audit” found to be the best among sample gram panchayats in GP Basha, moderate in GP Sokni Da Kot and unreasonable in GP Navni, a serious status. In totality, with these aggregate percentage scores, the position on “Process of Social Audit” in any of the three sample Gram Panchayats was not found to be satisfactory. In case of “Organizing Gram Sabha”, the position had ameliorated with GP Sokni Da Kot taking lead. This status indicated the variation found in organizing Gram Sabha.

The GP Sokni Da Kot had repeated the lead in case of “Transparency in Social Audit” too whereas GP Navni and GP Basha could not follow the status. GP Basha which stood ahead of other sample Gram Panchayats for “Process of Social Audit”, now placed at a lower ebb for “Transparency in Social Audit Process”. This pattern indicated that although processes were there, yet the transparency in social Audit was missing, an expression of doing the work as a ritual. On account of “Supervision of Implemented Works”, it was the only category where GP Navni had taken the lead, however, GP Sokni Da Kot was quite close as compared to GP Basha. The pattern presented a better mechanism of supervision in two GPs Navni and Sokni Da Kot in comparison to GP Basha. Based on the findings of four dimensions in this category “Social Audit Methodologies”, the average composite scores placed GP Sokni Da Kot at first place followed by GP Basha and GP Navni at last place among the three sample Gram Panchayats. The status of Social Audit Methodologies for four dimensions in the three sample Gram Panchayats has been illustrated multiple bar diagram in the figure 1.1.

Figure – 1.1: Social Audit Methodologies in Dimensions of Model Construct



The macro picture of three Gram Panchayats for Social Audit Methodologies presented in Figure 1.1 above depicted GP Sokni Da Kot placed at better position for Organizing Gram Sabha, Transparency in Social Audit Process and Supervision of Implemented Works except for one dimension i.e. Process of Social Audit. This trend was repeated for GP Navni though it had

been placed moderately well in all the other three categories. Transparency in Social Audit Process had been at a poor level for GP Basha whereas in all the other three dimensions, it was placed better.

5. Findings

The four dimensions of model construct presented an overall picture of the methodologies prevailed across three sample gram panchayats selected on the judgmental sampling method from the three different phases of MG NREGA implementation in Himachal Pradesh.

- On the part of methodologies of undertaking social audit, it was found that though officials repeatedly claimed to be performing well on the methodology, but neither the annual calendar was prepared nor the copies of last social audit report could be produced by them.
- The view point of workers also failed to strengthen the claims of officials and presented a very poor picture. The methodology followed did not foster the rights and entitlements to attract non workers to avail the benefits offered by MG NREGS.
- The way in which Gram Sabha proceeds were responded that too strengthened the fact of non-existence of reasonable and appropriate methodologies to undertake social audit.
- It was found that methodologies were not strengthened to foster the rights and entitlements of workers; to sprout the process of social audit; neither promoted transparency in social audit with appropriate supervision of works for public accountability nor facilitated an enabling environment for organizing Gram Sabha for the cause of strong democracy at grassroot level.

6. Conclusions and Suggestions

The recommendations and suggestions made on the basis of analysis of data and findings thereof in the respective categories:

- Social audit talked about most, attended least and treated was a blame game at the grass root level. Social audit, a scientific task needs comprehension of mind. There is a need to put the house in order by undertaking a process intensive exercise.

- Social audit should be taken up for its social dimension. It has been misunderstood as society doing financial audit rather it is an audit for the purpose and objectives of society.
- The society has hardly any interest in rule based process and procedures rather they are concerned with their stakes and benefits bestowed by MG NREGS which are termed as social objectives.
- The comparison of findings of social audit with financial audit to be made one dimension for the social performance; not the sole objective with the all resources diverted for financial audit by society.
- The monitoring of MG NREGS at different stages of implementation i.e. preparation of shelf, planning, execution and completion, may be made integral part of MG NREGA MIS.
- The social audit proceedings to be strictly put on the notice boards on gram panchayat office. A photo of the proceedings hosted in panchayat office may also be uploaded on the MIS NREGA to as well as sharing on social media to have a wider access to people.
- The instances of deployment of labour displacing machinery deserve to be handled strictly with penal provisions to set an exemplary model.
- The workers should be trained on recording measurements and quantification of work besides reading and understanding the MB with a view to establishing transparency as well as to ensuring genuine due wage rate to workers.
- The pattern of people's participation as observed in preparation of annual shelf of schemes may be replicated to the other programmes and schemes of different departments aiming at the development of rural people and areas.

In nutshell, it is concluded that there is a need to strengthen the methodologies for social audit in MG NREGS with a view to establish a system for undertaking social audit to ensure transparency in executions of MG NREGS. The strengthened and standard methodologies customized to the needs of the local area and people can confirm the people their entitled rights, benefits from programme and accountability towards rural people.

7. References

- Aakella, K., & Kidambi, S. (2007). Social Audits in Andhra Pradesh: A Process in Evolution. *Economic & Political Weekly*, November 24, 18-19.
- Agarwal, N., Mishra, B., & Agarwal, S. (2011). Human and Social Audit. In N. Agarwal, *Social Audit* (p. 104). Jaipur: RBSA Publisher.
- Ambasta, P., Shankar, P., Shah, M. (2008). Two Years of NREGA: The Road Ahead. *Economic & Political Weekly*, February 23, 41-50.
- Ashok Mehta Committee, (2005), “*Empowerment of Gram Sabha and Social Audit, Self Governance for Tribals*,” Volume-IV, Chapter-I National Institute of Rural Development, Ministry of Rural Development, Govt. of India.
- Auret, D., & Barrientos, S. (2004). *Participatory Social Auditing: A Practical Guide to Developing a Gender-Sensitive Approach*. IDS Working Paper 237. Brighton, England: Institute of Development Studies.
- Bauer, R., & Fenn, D. (1973). What is a Corporate Social Audit? *Harvard Business Review*, 51(1), 38.
- Centre for Good Governance. (2005). *Social Audit: A Toolkit, A Guide for Performance Improvement and Outcome Measurement*. Hyderabad: Centre for Good Governance.
- Courville, S. (2003). Social Accountability Audits: Challenging or Defending Democratic Governance. *Law & Policy*, 25(3). Oxford: Blackwell Publishing Limited.
- Freer Spreckley, (1981), *Social Audit: A Management Tool for Co-operative Working*, Beechwood College, UK
- MG NREGA Operational Guidelines*. (2013), 4th Edition, Ministry of Rural Development, Department of Rural Development, Government of India, New Delhi
- MG NREGA Sameeksha, (2012). “*Governance and Process Challenges, Transparency and Accountability, Proactive Disclosures and Social Audits*”, Ministry of Rural Development, Department of Rural Development, Government of India, New Delhi
- Ministry of Rural Development. (2008) “*Public Vigilance & Social Audit*,” Operational Guidelines, 3rd Edition The National Rural Employment Guarantee Act 2005, Department of Rural Development,, Ministry of Rural Development, Government of India, New Delhi
- Audit of Scheme Rules (2011), Ministry of Rural Development. The Gazette of India, Extraordinary, the 30th June, 2011“G.S.R.495(E)e,” available at http://nrega.nic.in/circular/Social_Audit.htm

- PRIA. (2013) *Participatory Social Audit: A Tool for Social Accountability,*” Module – I, PRIA International Academy
- Section 17, “*Mahatma Gandhi National Rural Employment Guarantee Act, 2005*”, Govt. of India.
- Shah, M. (2008). *Governance Reform - Key to NREGA Success.* The Hindu, March 14.
- Social Audit Manual, 2015,* Department of Rural Development, Ministry of Rural Development, GoI, New Delhi.
- The National Rural Employment Guarantee Act 2005,* No. 42 of 2005, The Gazette of India, Extraordinary, 7th September, 2005
- Vision Foundation Report. (2005). *Social Audit: Gram Sabha and Panchayati Raj.* New Delhi: Planning Commission, Government of India.
- World Bank. (2007). *Standing Under the Arch: Understanding Social Audits in the context of the Andhra Pradesh Rural Employment Guarantee Scheme.* Intellect. The World Bank and SPIU (GoAP).