

## Institutionalization of Social Audit Practices in MG NREGAs in Himachal Pradesh

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**Abstract.** The general objective of the paper is to investigate into the social audits conducted under MG NREGS in selected districts of Himachal Pradesh. There are significant issues attached with the paper which focus on the prime and deserving utmost importance including the difficulties in following Social Audit process; the paper examines the different dimensions viz. Knowledge to GP Officials, Institutionalization of Procedures, Perceptions of Community and Livelihood Security. The view point of Panchayat officials, MG NREGS workers and non workers has been obtained to reach reasonable conclusions. The papers not only come out with findings on this account but also makes logical recommendations to institutionalize social audit in MG NREGS in HP.

**Keywords:** Accountability, Gram Sabha, Institutionalization, Knowledge, Livelihood Security, Social Audit

### 1 Introduction

In fact, Himachal Pradesh is one of the few progressive States of the Union of India which have proactively taken initiatives to preserve their natural resources. Complete ban on commercial felling of green trees, on the use of polythene bags, and on smoking in public places with the punitive provisions for offences committed etc. have been the examples of some of the initiatives taken by the State and which are probably the first efforts made by any State in India to provide a clean and healthy environment to the people living in it.

Social audit is a tool of downward accountability in public administration. In the traditional officialdom the accountability has always been upwards, but the change in working of governments with modern management techniques, the downward accountability has become a dire need. The financial audits measure financial performance but make no comment about whether an organization is achieving its other

objectives. Social audit fills this gap by providing a tool for measuring an organization's impact through the systematic monitoring of performance and collection of stakeholder views. The term "audit" may imply the mere examination of costs and finance, **a social audit's central concern is how resources are used for social objectives.** MG NREGS is a unique scheme to provide employment guarantee to job seekers as a livelihood security as 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. Section 17, MG NREG Act provides for public vigilance and verification of different stages of implementation through the process of Social Audit of all the projects taken up within the Gram Panchayat under the scheme. 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.

To ensure Social Audit in all the eleven stages of MG NREGA implementation, Ministry of Rural Development, Government of India had web hosted Draft Transparency and Public Accountability Rules with Section III on Social Audit Rules as a model to be followed by all the states implementing MG NREGS in India. Chapter 12, The MG NREGS Operational Guidelines further elaborated the stages, vulnerabilities and steps to ensure transparency and social audit; social audit forum and mandatory agenda. To effect the provisions strongly, Section 13 (b) added to Schedule –I provided a structure and procedure for social Audit with sub sections i) to xv) indicating social audit committee of MG NREGA workers, time interval, duration of committee, documents for verification, follow up action etc. Later, this provision of Section 13 (b) to Schedule –I was deleted through a notification (2008). It was replaced by Social Audit Rules by Government of India. 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 to reach the end product. The process and mechanism for the purpose of Social Audit has not been explained.

Though the practices indicate the applications prevailing in the particular area or theory of executing the activity whereas the methodology involves the 'how' part of achieving the result which is presented before the society in terms of 'practices'.

## 2. Literature Review

A *practice* has been defined by **Oxford Dictionary** as the actual application or use of an idea, belief, or method, as opposed to theories relating to it; a way of doing something that is the usual or expected way in a particular organization or situation. **Planning Commission**, (2005) suggested institutionalizing Social audit through effective Mechanism and made recommendation on Who, What and How social audit to be undertaken. **Sastry** (2007), touching upon the institutionalization issue remarked that the social audit was seen to be a unique feature of the NREGS but it is conducted by non-governmental organizations (NGOs) not by the gram panchayats (GPs) or gram sabhas, consequently, there is little institutionalization of the social audit process in the NREGS. **CAG Report**, (2008) found that social audit and the Social Audit Forum in Gram Sabhas remain the only methods for ensuring a degree of transparency and accountability at the GP and GS level in the absence of proper maintenance of records. The demand-driven bottom-up approach of NREGA has been adversely affected since social audits are not being conducted. **Mihir Shah**, (2008) pointed out the need for strong social audit mechanisms and penalties to check the malpractices. **Indian Institute of Management, Lucknow (2009)** in the Quick Appraisal of 5 Districts Under NREGS in Uttar Pradesh has found that a few people report of conducting, maximum unaware and majority people never participated in social audit process. There were Complaints regarding NREGS according to (10.3% beneficiaries). Besides this, every beneficiary covered was unaware of RTI Act. **PRIA**,(2009) in a study referred to the poor social audit process in the state of Himachal Pradesh under NREGA when they found that no social audits are being carried out under NREGA and citizen monitoring of the works undertaken by the Gram Panchayats is low besides this, people's participation in Gram Sabha is very low and fulfilling quorum is a challenge. To institutionalize social audits,

**PRIA** recommended updating elected representatives and the secretary about the work that the organization is doing alongwith the sharing of importance of social audit. This requires lot of efforts which could be done by motivating and convincing them for social Audit.

### 3. Objectives

The need and significant issues attached with the article takes following questions into consideration:

- i. How social audit is conducted under MG NREGS in HP?
- ii. What are the difficulties in following Social Audit process?
- iii. How effective is existing social audit practices i.e. viz. Knowledge to GP Officials, Institutionalization of Procedures, Perceptions of Community & Livelihood Security; dimensions involved in the social audit process?
- iv. To what extent existing social audit practices could touch upon the aforesaid dimensions across the different districts?
- v. Whether the existing practices could institutionalize social audit in MG NREGS in HP.

The prime concern of this research work was to examine whether the prevailing practices could institutionalize social audit in MG NREGS. The specific objectives to undertake this study have been elucidated as under-

- i. To study and examine the practices with different dimensions in conducting social audit in MG NREGS from the view point of direct stakeholders.
- ii. To compare the results of the prevailing practices in contrast with the framework of social audit enshrined in the act, rules and guidelines of MG NREGS.
- iii. To find out whether the practices with dimensions involved could result into institutionalization of social audit in MG NREGS.
- iv. To suggest and recommend measures to institutionalize social audit practices in MG NREGS in HP.

### 3. 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 practices in Himachal Pradesh is mostly on paper only, 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.

#### 3.1 Model Construction

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

#### Explanation of the Model Construction

Model Construct with Acronym	Dimensions	Measurement Items
Social Audit Practices (SAP)	<ul style="list-style-type: none"> <li>• Knowledge to GP Officials</li> <li>• Institutionalization of Procedures</li> <li>• Perceptions of Community</li> <li>• Livelihood Security</li> </ul>	10 observable indicators (ESAP <sub>1,1</sub> to ESAP <sub>1,10</sub> ) 10 observable indicators (ESAP <sub>2,1</sub> to ESAP <sub>2,10</sub> ) 10 observable indicators (ESAP <sub>3,1</sub> to ESAP <sub>3,10</sub> ) 10 observable indicators (ESAP <sub>4,1</sub> to ESAP <sub>4,10</sub> )

#### Enumeration of Model Construct

The enumeration of model construct for dimensions, measureable 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.  $\zeta$  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. Social Audit Practices**

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 prevailing practices of conducting social audit gave an insight into the modus operandi of implementation of a scheme with statutory provisions. 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.

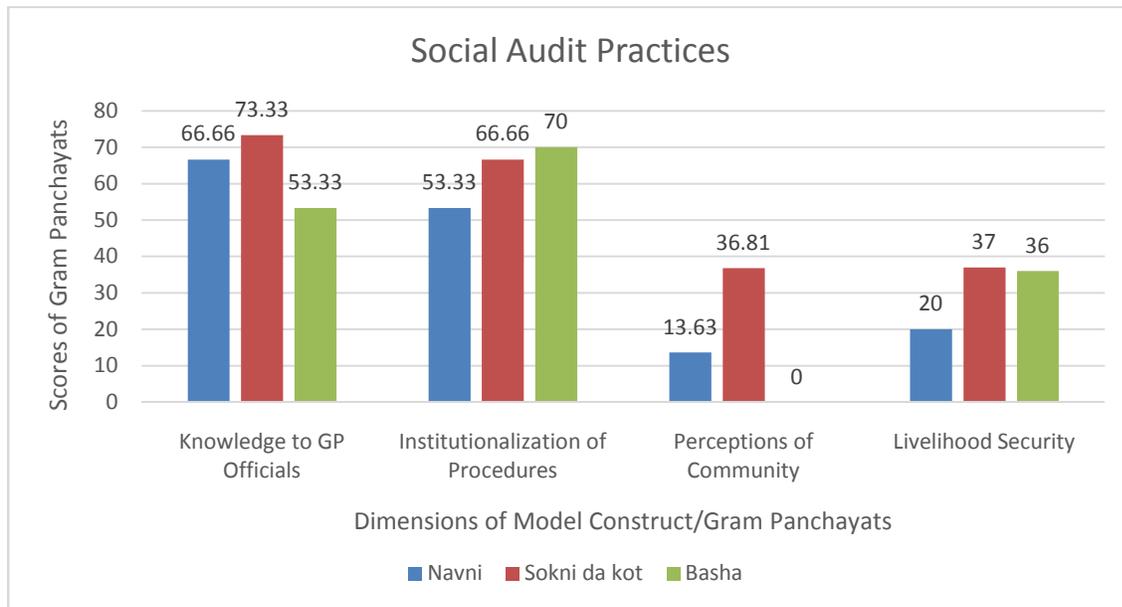
**Table- 1.1: Social Audit Practices – Percentage Aggregate Scores**

<b>MG NREGA Phase</b>	<b>Phase I</b>	<b>Phase II</b>	<b>Phase III</b>
<b>District</b>	<b>Sirmour</b>	<b>Kangra</b>	<b>Solan</b>
<b>Block</b>	Nahan	Dharamsala	Kandaghat
<b>Gram Panchayat</b>	<b>Navni</b>	<b>Sokni Da Kot</b>	<b>Basha</b>
Knowledge to GP Officials	66.66	73.33	53.33
Institutionalization of Procedures	53.33	66.66	70.00
Perceptions of Community	13.63	36.81	0.00
Livelihood Security	20.00	37.00	36.00
<b>Average Composite Score</b>	<b>38.41</b>	<b>53.45</b>	<b>39.83</b>

The trends observed in three sample Gram Panchayats for all the four dimensions presented a similar pattern with difference of degree. In the model construct, “Social Audit Practices”, GP Sokni Da Kot found to be the best among the three sample GPs with 53.45 average composite score. On account of Knowledge to GP Officials with 73.33 percentage aggregate score, Perceptions of Community with 36.81 percentage aggregate score and Livelihood Security with 37.00 percentage aggregate score; the GP Sokni Da Kot took lead in the respective dimensions of the model construct. The GP Basha with 70.00 percentage aggregate score was found to be the best for the Institutionalization of Procedures dimension of the model construct, however, the same GP Basha was been ranked last among three sample GPs for the Perceptions of Community dimension of the model construct with zero percentage aggregate score and Knowledge to GP Officials with 53.33 percentage aggregate score. It was a contradictory result since the GP Basha which ranked the best on account of Institutionalization of Procedures was ranked last on account of Knowledge to Officials. It appeared that there were some extraneous variables in this regard e.g. the information reported by officials for Institutionalization of Procedures may not be true or the officials accountable for Knowledge to Officials might had been transferred over the time. The Knowledge of Gram Panchayat Officials and Institutionalization of Procedures from the view point of officials was quite high but the society i.e. workers and non-workers had given a lower score in terms of their perceptions as well as livelihood security. The quality of services as promised by the providers was perceived as excellent whereas the acid test of quality was the perception of the service recipient. In this case, the statement proved to be true. In this manner, GP

Sokni Da Kot, the GP facilitated by an NGO, placed better in comparison to other two gram panchayats viz. Basha and Navni Gram Panchayats. The trend and scores of four dimensions of social audit practices have been illustrated multiple bar diagram in the figure 1.1.

**Figure – 1.1: Social Audit Practices in Dimensions of Model Construct**



The knowledge of Gram Panchayat Officials was found to be better in GP Sokni Da Kot, moderate in GP Navni and deserving improvement in GP Basha among three sample Gram Panchayats. The same trend was repeated for Perceptions of Community, however, GP Basha had no score in this dimension. On account of ‘Institutionalization of Procedures’, GP Basha found to be placed in higher bracket, Sokni Da Kot in moderate bracket and Navni in the lower bracket. On the Livelihood Security dimension, the scores were quite low where GP Sokni Da Kot and Basha were close to each other followed by GP Navni. In this dimension, GP Sokni Da Kot was found to be better than other two GP’s although the perceptions of community were not very good in this regard.

## 5. Findings

The trend on four dimensions of social audit practices category presented a similar pattern with degree of difference.

- The practices on social audit tracked on four dimensions revealed that officials of Gram Panchayats had comparatively reasonable knowledge on social audit but the procedures had not been institutionalized in the same ratio; the perceptions of community were at a quite low level and on the part of livelihood security, the same proportion was missing. It was an apparent case of gap between demand and supply.
- The supply side claimed the systems to be in place to do justice with the responsibility entrusted to them whereas the workers and community perceptions and the performance in terms of livelihood security failed to prove the claims of officials.
- The officials possessed good knowledge on the social objectives of MG NREGA but could not amalgamate this into the practices of undertaking social audit with a view to achieving the results.
- The practices did not appear to fulfill the expectations of the community in undertaking social audit and affording them livelihood security.
- At macro level, the officials of GP Sokni Da Kot possessed the best knowledge among the sample gram panchayats followed by GP Navni and GP Basha ranked last. This scenario strengthened the capacity investment efforts of NGO which worked in GP Sokni Da Kot.
- The investment on human resource development by capacity building of the resource persons was found to be an area of low priority.
- The respondents from community negatively reverted the incidence of social audits in MG NREGS in the sample GPs.
- The perceptions of community had been better in the GP facilitated by an NGO whereas in one GP community had tangible dissatisfaction and not found to be very appreciative in another.
- The MG NREGS workers had received the support of livelihood security with job on community works as well as their individual works, however, most of the workers got employment on individual projects and the livelihood security dimension of the model construct presented a poor status.
- The activities which empower the community and strengthen the mechanisms of transparency and accountability like independent facilitation, hosting proceedings in public domain and external resource persons etc. had been neglected in all the sample GPs which defeated the spirit of transparency enshrined in the basic framework of social audit.

In totality, it has emerged that the service recipients in the dimensions i.e. their perceptions and livelihood security could not support which has been overwhelmingly reported by the service providers in terms of their knowledge and institutionalization of procedures as strongly come out from the scores in the respective categories. The prevailing practices with dimensions involved could not result into institutionalization of social audit in MG NREGS.

## **6. Suggestions & Recommendations**

The following measures are suggested and recommended to institutionalize social audit practices in MG NREGS on the basis of analysis of data and findings thereof :

- Social audit, a scientific task needs comprehension of mind. Social audit talked about most, attended least and treated as a blame game at the grass root level. There is a need to put the house in order by undertaking a process intensive exercise.
- Social Audit, in context of MG NREGS, deserves to be defined appropriately. The MG NREG Act, Scheme and Rules do not define the social audit, its meaning and objectives.
- Social audit is not the financial audit done by the officials rather it is an auditing by the society for their stakes perceived and protected through the Act and Scheme.
- The procedures for social audit to be standardized with timelines, format etc. to avoid any possibility to reduce it a paper exercise.
- A methodology standard, simple and understandable to villagers in local vernacular is required to attain the end objective of the social audit with the process explained stepwise. The process design should clearly indicate the answer of “How” social audit is to be undertaken.
- The investment on human resource development may be taken up for officials, members of social audit committee, resource persons and workers with actual field exposure to ensure ‘learning by doing activity’. Certified courses in the regard should be conceived for officials, non-officials and resource persons at all levels with appropriate accreditation, assignments and evaluation.
- The methodology for social audit with inbuilt components for accountability of

officials and other responsible stakeholders with measurable targets and achievements is required to be formulated and followed.

- Community mobilization, publicity and wide dissemination of information for public hearing should be made part of procedures to avoid a ritualistic paper exercise with independent facilitation by external social audit experts.
- A standard procedure for proactive disclosures as a special module may be included for wall writings, notice board in gram panchayats and information boards in the public places on the analogy of the procedures for proactive disclosures in Section 4 (1) (b) of RTI Act, 2005.
- To avoid it to be a paper exercise by the Gram Panchayat Secretary, some e-governance initiatives e.g. a tablet based application with biometric presence or a paperless device based data collection may be introduced.
- The civil society viz. NGOs, SHGs, local Mahila Mandal and Yuvak Mandal etc. to be given significant role for independent facilitation of social audit process.
- A database of resource persons may be made integral part of NREGA MIS with Aadhar linkage to ensure the deployment of independent resource persons.
- The hosting of proceedings of social audit gram sabha on notice board of Gram Panchayat may be made a part of the annual performance appraisal of MG NREGS officials in each Gram Panchayat with incentives and disincentives.
- Ensuring the social audits are actually conducted in the field may be made an integral part of the job profile of the Gram Rozgar Sewak (Village Employment Worker). The renewal of their annual contract may take cognizance of the performance on this aspect too.
- The persons responsible for social audit should be trained with practical orientation with evaluation of their capacity to undertake social audit before conducting social audit actually.
- The perceptions of community may be recorded on Likert scale with simplified version and usage of smileys etc. to capture the degree of their satisfaction on the social audit practices.
- A campaign at regular intervals to be organized to educate and inform the people of villages about the community as well as individual projects of livelihood security, to expand and broad base the support system for sustainability of their

agricultural & allied activities.

There is significant responsibility for the Ministry of Rural Development in institutionalization of social audit in MG NREGS though the rules have been brought in yet the challenge lies in the ability to get the rules implemented and get the objective social audit done with strengthening the independent structures to establish transparency and accountability. This would require a lot of process re-engineering and role for strong civil society organizations besides awareness of the direct stakeholders.

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