I

MGNREGS, Social Audit and Rural Development: An Introductory Analysis

1.1. Introduction:

It is widely believed that the financial crisis which was originated in the second half of the last decade was preceded by a job crisis and structural unemployment problem in the world economy. Liberalization, Privatization and Globalization policies, which have been initiated in a number of countries in the world during last two decades, have given more emphasis on market. This market oriented growth has excluded many sections of the population. In other words, the reforms didn’t have a ‘human face’. As a result economic growth has increased inequality, shortages of food and fuel and led to financial crisis affecting almost all the countries in the world.

With a view to bridging the gap between growth and equity the role of the state is very important. As such, there is a wider case for public employment programmes as part of the employment and social protection policies. In fact, it combines the multiple objectives of employment generation, income support, and asset creation which are part of an inclusive growth policy. These will not only provide social protections to the poorest, but also lead to their gainful employment thereby contributing not only to employment growth but also growth of production. Therefore, Public Employment Programmes are essentially crises responses with an eye to improve unemployment problems in many countries in the world where markets are unable to create employment at the scale required. Public employment programmes are able to complement employment creation by the private sector and offer an additional policy instrument with which to tackle the problem of unemployment and underemployment, as part of wider employment and social protection policies. When properly targeted, these programmes help to reduce the vulnerability of the poor population, most affected by a crisis (Sharma, 2010).
1.2. Rural Development in India in Post-reform period:

In India, economic reforms were initiated in mid-1991 due to problems such as insurmountable external debt, unmanageable balance of payments situation, very high rate of inflation, and the underlying fiscal problems. External factors like Gulf War and the collapse of the Soviet Economy have also contributed a bit to this crisis. With a view to tide over this unprecedented economic crisis and ensuring the sustainability of the growth process, it was considered necessary to introduce certain major policy reforms on industrial, trade, and public sector fronts, almost simultaneously with measures of stabilization for reduction in fiscal and current account deficits. The reforms followed a package developed by the two Bretton Woods Institutions (IMF and the World Bank) to steer the economy out of the prevailing economic crisis. It aimed at fundamental shift towards greater reliance on the market mechanism to allocate resources and influence decision making (Dev, 2011). Those economic reforms have definitely put Indian economy on a higher growth trajectory. Annual growth rate of Gross Domestic Product (GDP) has accelerated from below 6 per cent during the initial years of reforms to more than 8 percent in the subsequent years (Chand, et. al., 2007). The National Development Council in approving the Approach paper to the Eleventh plan, endorsed a target of 9 per cent GDP growth for the country as a whole (Planning commission, 2008) however, it could achieve 7.9 per cent average growth rate during the plan period, which is higher than the Xth plan achievement of 7.6 per cent (Planning Commission, 2013).

In first few years of this last decade, there was a feeling that ‘India was shining’. It was subsequently realized that in spite of the relatively satisfactory performance in some of the macroeconomic variables, the ‘feel good factor’ was only limited in few areas like growth in services (mainly in IT and communication sector). As a result, India’s balance of payments position improved along with foreign exchange reserves and booming stock market. But despite such faster economic growth, the post-reform period witnessed very poor performance of India in some critical areas like poverty reduction, unemployment and economic disparity particularly in rural India. The level of living of the mass of the population does not reflect or match this growing national prosperity. Thus, while mastering the techniques to make the economy grow at a fairly high rate and to attain external account self-reliance, India has failed to create an equitable society to bring down economic poverty to a tolerable level (Chelliah, 2010).
The high growth rate in GDP was obtained largely through higher growth rate in secondary and tertiary sectors, resulting in further overcrowding of the primary sector. States and regions with greater ability to attract private and foreign investments have grown faster, leading to increased regional disparity. At the same time, the space for the Centre’s role in balanced regional development has decreased under the new economic policy regime. Rural India comprises 73 percent of the country’s population, but its share in the total national income is less than 45 percent (Singh, 2010). The rural sector is characterized by low income levels and poor quality of life. Unchecked population growth, shortage of land, fragmentation of land holdings, inadequate growth of employment opportunities outside agriculture have all combined to increase those problems. As a result Rural India is always lagging behind the urban areas in terms of eradication of poverty (Planning Commission, 2011). It may be noted that agriculture and allied activities absorb more than 66% of India’s labor force but contributes less than one fifth to the country’s GDP (Dey, 2010). Therefore, the rural poor who mainly consist of informal agricultural laborers and self-employed farmers continue to remain in abysmal poverty and inequality.

In order to address the problem of lack of employment opportunity and poor living condition of rural people several programmes were introduced which largely focused on the creation of employment opportunities in rural areas since the inception of India’s five year plan in general, and from the sixth five year plan in particular. Some of the important programmes were the National Rural Employment Programme [NREP] 1980-89; Rural Landless Employment Guarantee Programme (RLEGP) 1983-89; Jawahar Rozgar Yojana (JRY) 1989-99; Employment Assurance Scheme (EAS) 1993-99; Jawahar Gram Samridhi Yojana (JGSY) 1999-2002; Sampoorna Grameen Rozgar Yojana (SGRY) from 2001; National Food for Work Programme (NFFWP) and in 2004 National Rural Employment Schemes were initiated. The SGRY and NFFWP have been merged with the MGNREGS in 2005. It may be noted that, all these programmes are centre-sponsored programmes wherein the central government shared major part of the financial burden and left the implementation in the hand of the state governments.
A brief description of those programmes has been given in the following Table-1.1.

**Table-1.1: Employment programmes introduced in India**

<table>
<thead>
<tr>
<th>Year of inception</th>
<th>Plan</th>
<th>Programme</th>
<th>Fund allocated (in Rs crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>6th &amp; 7th plan</td>
<td>National Rural Employment Programme (NREP)</td>
<td>2,662</td>
</tr>
<tr>
<td>1983</td>
<td>6th &amp; 7th plan</td>
<td>Rural landless Employment Guarantee Programme (RLEG)</td>
<td>2,912</td>
</tr>
<tr>
<td>1989</td>
<td>7th &amp; 8th plan</td>
<td>Jawar Rozgar Yojona (JRY)</td>
<td>17,534</td>
</tr>
<tr>
<td>1993</td>
<td>8th plan</td>
<td>Employment Assurance Scheme (EAS)</td>
<td>11,000</td>
</tr>
<tr>
<td>1999</td>
<td>9th plan</td>
<td>Jawar Gram Samridhi Yojona (JGSY)</td>
<td>6,267</td>
</tr>
<tr>
<td>2001</td>
<td>9th plan</td>
<td>Sampoorna Gramin Rozgar Yojona (SGRY)</td>
<td>27,640</td>
</tr>
<tr>
<td>2004</td>
<td>10th plan</td>
<td>National Food for Work Programme (NFFWP)</td>
<td>6,000</td>
</tr>
<tr>
<td>2006</td>
<td>10th plan</td>
<td>MGNREGS</td>
<td>300948.84#</td>
</tr>
</tbody>
</table>

Note: # Up to September, 2015 as accessed on 15.10.2015 at 1.00 pm from official website of the MGNREGA www.nrega.nic.in.


Though there have been some pockets of success where mainstream employment has grown through the assets generated under the programmes, the overall scenario has not been very encouraging. In other words, these programmes have neither reduced poverty levels in a sustainable manner, nor have they expanded the labour absorption capacity of the economy on a significant scale. Consequently, these programmes have remained a long-term financial drain on the economy (Hirway, 2004). The reasons for such failure as summarized in Rudra (1982) are mainly three fold. They are: (a) choice of appropriate works to be done; (b) finding the resources to finance the programmes; and (c) the lack of clarity with regard to the organizations of rural works programmes meant to generate employment.

The first reason in fact is relatively easy to solve. The land reclamation, minor irrigation, soil conservation, road construction, etc., are items on which rural unskilled labour can be gainfully employed. The second and third reasons are, in contrast, not very easy to solve. In India it is not easy to mobilize surplus labour from agriculture to capital projects. However, lack of governance and corruption substantially erodes the available fund for rural development.
1.3. The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), 2005:

In the absence of sufficient gainful employment opportunities, an increasing number of people have been found completely immersed in the pool of poverty (Mishra and Puri, 2011). Recognizing the depth of the problem the Government of India enacted an Employment Guarantee Act for the people living in rural areas. For this purpose the draft proposed by the National Advisory Council envisaged a legal guarantee to every household living in rural areas for 100 days for doing casual manual work.

The Mahatma Gandhi National Rural Employment Guarantee Act\(^1\) (hereinafter called MGNREGA) was enacted in September, 2005 and it came into force in February, 2006. The Act was implemented in a phased manner. In the first phase it was implemented in 200 backward districts of the country, in the second phase another 130 districts were included in the scheme and in third and last phase remaining 274 districts were included in the scheme.

This Act is a bold experiment in providing a minimum livelihood security to rural households through public works-based employment programmes. It is based on employment guarantee scheme, the primary objective of which is to ensure the transfer of a minimum income to rural households through self-seeking wage employment. Basic features\(^2\) of the Act indicate that it is a paradigm shift from the erstwhile employment and public works programmes, which were designed to create community infrastructure first and then simultaneously generate income and employment to local residents (Salient features of the Act have been given in annexure-IA of this chapter). The MGNREGA ranks among the most powerful initiatives ever undertaken for transformation of rural livelihood (Ambasta, et. al., 2008).

It is no doubt a revolutionary project in the field of rural unemployment alleviation programmes because unlike other schemes, it provides a legal right and guarantee for employment for people living in rural India and a complete mechanism to ensure that right. More importantly, the act exalts the position of the citizens from the receivers of state’s dole to a legally entitled shareholder in the development pie, irrespective of the size of pie (Pankaj, 2012). Thus it may be considered as a major macro-economic weapon to strengthen the socio-economic structure of the rural India. Since its advent the scheme has provided livelihood opportunities for over four crore

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\(^1\) The National Rural Employment Guarantee Act, 2005 was renamed as the Mahatma Gandhi National Rural Employment Guarantee Act by the National Rural Employment Guarantee (Amendment) Bill in the Parliament on 26\(^{th}\) November, 2009.

(40 million) households. The poorest of the poor and the vulnerable groups have sought employment under the programme.\(^3\) Chandrasekhar and Ghosh (2009) have observed: “the programme reverses the way the Indian State has traditionally dealt with the citizenry and envisages complete change in the manner of interaction of the State, the local power elites and the local working classes in rural India. The MGNREGS is therefore completely different in conception from earlier Government employment schemes, since it treats employment as a right and the programme is intended to be demand driven.”\(^4\)

On the other hand, Srinivasan (2010) observed that “the MGNREGA was a milestone legislation that was sure to bring a qualitative change in the morose living standards of millions of rural people both men and women so that they would feel economically emancipated.”\(^5\) The United Nations observed that “such inclusive anti-poverty schemes are more effective than others like BPL cards which are selective in nature.”\(^6\)

Despite such ground level justification in the field of rural employment, the success of the scheme largely depends upon the effective implementations of the provisions of the Act in order to ensure that the cream of the scheme can be reached to the actual beneficiaries for whom such is originated. But it is evident from different reports which have so far been available that implementation of scheme suffers from lack of transparency. For example, in many cases maintenance of job cards and muster rolls are not maintained in transparent way. Even in some cases tampering of muster rolls were also found. In some cases job cards and muster rolls are kept out of public scrutiny (CAG, 2007).

\(^3\) Dr. Monmohan Singh, Former Prime Minister of India spoke at the Mahatma Gandhi NREGA Sammelan, 2010, held in New Delhi, found in Grameen Bharat, Vol. 8 issue 69.


1.4. The MGNREGS and Social Audit:

The word ‘audit’ is derived from Latin word ‘audire’, which means ‘to hear’. In ancient times, emperors used to recruit persons designated as auditors to get feedback about the activities undertaken by the kings in their kingdom. These auditors used to go to public places to listen to citizens’ opinion on various issues, like behaviour of employees, incidence of tax, image of local officials, etc.

Charles Medawar pioneered the concept of social audit in 1972 with the application of the idea in medicine policy, drug safety issues and on matters of corporate, governmental and professional accountability (Centre for Good Governance, 2005). According to him, the concept of social audit starts with the principle that in democracy the decision makers should account for the use of their powers, which should be used as far as possible with the consent and understanding of all concerned.

The concept of social audit then evolved among corporate groups as a tool for reporting their contribution to society and obtaining people’s feedback on their activities to supplement their market and financial performance. They concluded that if they reached out to key stakeholders, they could better understand impact and needs, improve products and services, produce healthier and more productive corporate culture and in turn strengthen their productivity and profits (Berthin, 2011). In mid 1970s, in UK and Europe, the term Social Audit emerged to describe evaluations that focused on the likely impact of 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.

In the 1980’s, the social audit concept traveled from the private to the public sector in response to new emerging democratic governance trends. As more countries transited towards democratic governance, Corporate Social Responsibility (CSR) gained greater legitimacy and spaces to participate (particularly those dealing with human rights, gender and environmental issues) and international organizations focused on democratic governance issues like accountability and transparency.

As countries continued to consolidate democratic governance in the 1990s and 2000s by regularizing periodic and more transparent electoral processes, social audit gained additional attention as concerns over the quality of democratic governance increased. In general, citizens around the world have become somewhat ambivalent about the impact of democratic institutions and public policies in their daily lives. Although citizen participation has expanded, economic prosperity associated with democratic governance has been slow to come and in many countries,
perception of corruption has increased. Lack of institutional accountability and transparency mechanisms and growing perceptions that corrupt practices adversely affect investment and economic growth, all undermine confidence and trust in democratic leaders and institutions. As a result, public support for democratic governance can decrease and mistrust can grow (Diamond, 2008).

Many citizens perceived institutions are not being reformed and therefore corrupt practices persist. Lately, social media has been playing an increasingly important role to channel citizens’ initiatives to uncover corrupt practices and mismanagement as well as to hold governments accountable. Independent bloggers, wiki leaders alike and groups of citizens have forced institutions to improve transparency and accountability. Against this backdrop, decision-makers are increasing more aware of pressures coming from ordinary citizens and are beginning to accept social audit as a way to promote citizen participation and as a transparency mechanisms. Similarly, most international donor organizations recognize now more firmly the need for governments to be accountable to their citizens and citizens’ right to demand transparency and accountability. In fact, the international donor community and international NGOs such as Transparency International have come to share a basic understanding that accountability and transparency matter for democratic governance. International organizations, including UNDP, the World Bank, the European Union, and many bilateral donors among others, are providing substantial support to social auditing activities in host countries around the world and they themselves are being forced to be more transparent at what they do.

Thus the term social audit has high historical as well as international perspective. It is the process by which private as well public bodies throughout the world evaluate their various activities in order to justify whether those activities serve the interest of the stakeholders. It uses participatory technique to involve all stakeholders in measuring, understanding, reporting and improving the social performance of an organization and thus ‘stakeholders’ are at the central point of the same. It has been used as the weapon to prevent the corrupt practices prevailing in different Government as well non-government organizations and ensuring best protection of public interest since long past. It may also be identified as the technique to ensuring accountability of corporate bodies as well the public authorities towards society. Thus it may be justified as the pre-condition for good governance.

Thus the foremost principle of Social Audit is to achieve continuously improving performances relative to the chosen social objectives. There are also eight key principles, which may be identifies from social auditing practices around the world (CGG, 2005):
i) Multi-perspective: It aims to reflect the views or voices of all those people or stakeholders involved with or affected by the organization or programme.

ii) Comprehensive: It also aims to report on all activities, which are incidental to an organization or programme.

iii) Participatory: It encourages participation of stakeholders and sharing of their values.

iv) Multidirectional: Stakeholders share and give feedback on multiple aspects.

v) Regularity: It advocates maintenance of social accounts on a regular basis so that the concept and the practice become rooted in the culture of the organization covering all activities.

vi) Comparativeness: It provides means by which an organization may compare its own performance each year and against appropriate external norms or benchmarks and provide for comparisons to be made between organizations doing similar work and reporting in similar fashion.

vii) Verifiable: It ensures that the social accounts are audited by a suitably experienced person or agency with no vested interest in the organization.

viii) Disclosed: It also ensures that the audited accounts are disclosed to stakeholders and the wider community in the interests of the accountability and transparency.

These are the pillars of social audit, where socio-economic-cultural, administrative, legal and democratic settings form the foundations for the operation of social audit. The social audit process is intended as a means for social engagement, transparency and communication of information, leading to greater accountability of decision-makers. The underlying ideas are directly linked with democracy and participation. The application of social audit at the village levels demands tremendous potential for contributing to good local governance and increased transparency and accountability of the local bodies.

In India the journey of social audit was first started in the corporate sector. In the year 1970, TISCO, the largest private sector company in India, incorporated its commitment to the stakeholder concerns, including those of the nation and environment, in its Articles of Association. It conducts a social audit of the organization every year, carried out by an audit panel consisting of members, independent of and unconnected with the company, selected by the Board (Jahan, 2010).

In India in the Government sector the social audit began with the right to information movement, organized by Mazdoor Kisan Shakti Sangathan(MKSS) in the year 1990 in Rajasthan (Mukhopadhyay, 2005). A demand for minimum wages to be paid to women workers at famine relief works near Dev Dungri village in Bhim Tehsil of Udaipur district in Rajasthan
led to the movement. The workers protested, but were told that the measurement books for the works filled in by junior engineers of PWD showed they had not worked. Then the agitated workers naturally demanded to see the records, but were refused on the ground of the Official Secrets Act, 1923.

Then the deprived rural workers organized themselves as a union – Mazdoor Kisan Shakti Sangathan (MKSS) to struggle for ways and means of wresting their right to know from the record. The struggle illustrated that right to information was not just a component of people’s right to freedom of speech and expression, but was also part of their fundamental right to life and liberty. It was needed to obtain the minimum wage, entitlement under ration quota at the fair price shops, the medicines the poor ought to receive in public health centers and for saving themselves from coercive abuse by the police.

When the initial phase of the agitation began with a sit in, the Government of Rajasthan reluctantly passed an order whereby the people were given the right to inspect the records and certified copies were also allowed. While inspecting the records of panchayat, MKSS found that irregularities and malpractices were evident. To share documented evidence with the illiterate rural workers, a public hearing was organized, known as a jan sunwai. This became remarkable step in reviving face-to-face democracy and laid a milestone in the history of social audit in India.

Social audit was assumed greater importance in India particularly in the context of rural development in the year 1992-93 by the 73rd amendment of Indian Constitution, through which the village communities were empowered to conduct social audit of all development work in their respective villages and the concerned authorities are duty bound to facilitate them. But despite such a remarkable step in the panchayati raj system in India, there was no central policy or regulation in order to make the social audit meaningful to ensure the task (Vision Foundation, 2005).

According to the MGNREGA Operational Guideline, 2008 the main purpose of social audit is to provide an ongoing process through which the potential beneficiaries and other stakeholders of an activity or project are involved at every stage from the planning to implementation, monitoring and evaluation. This process helps in ensuring that the activity or project is designed and implemented in a manner that is most suited to the prevailing (local) conditions, appropriately reflects the priorities and preferences of those affected by it and most effectively

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7 The NREGA Operational Guideline, 2008 found in – www.nregaconsortium.in last visited on 02.01.2012 at 10.00 p.m.
serves public interest. It is one of the important parts of general audit of the MGNREGS, summary of the reports of which are used as an important tool for completion of the audit process of the scheme. (Ministry of Rural Development, GOI, 2011) (Details have been given in annexure-IB of this chapter).

Therefore, social audit is meant to promote some basic norms in public domain for making governance more effective and transparent. The basic norms may be enumerated as under:

1. **Transparency:** Transparency is meant to ensure complete transparency in the process of administration and decision making with an obligation on the part of the government to give people full access to all relevant information in the interest of the general public.

2. **Participation:** Participation is meant to ensure an entitlement for all the affected persons to participate in the process of decision making and validation.

3. **Consultation and consent:** These are meant to ensure the right of the affected persons to give informed consent as a group or as individual, as appropriate in cases where options are predetermined out of necessity.

4. **Accountability:** Accountability refers to the responsibility of elected representatives and government functionaries to answer questions and provide explanations about relevant action and inaction to concerned and affected people.

5. **Redressal of grievances:** This refers to a set of norms through which the findings of social audits and other public investigations would receive official sanctions to address the short comings. Further, the decisions and actions to redress a problem is reported back to the people along with information on action taken in response to complaints.

The Operational Guideline also provides that social audit as a continuous process should include public vigilance and verification of the following 11 stages of implementation:

i) Registration of families;

ii) Distribution of job cards;

iii) Receipt of work applications and issue of dated receipts;

iv) Preparation of shelf of projects and selection of sites;

v) Development and approval of technical estimates and issuance of work order;

vi) Allotment of work applicants;

vii) Execution of works and maintenance of muster rolls;
viii) Payment of wages;
ix) Evaluation of work;
x) Payment of unemployment allowance;
xi) Mandatory social audit in the Gram Sabha.

At all the above stages of the implementation of the scheme there is possibilities of some vulnerabilities\(^8\), prevention of which is possible by meaningful and effective social audit of the scheme (for details see annexure-IC). Among those stages, mandatory social audit to be held in \textit{Gram Sabha} meeting, which must be held at least once in every six months is most important. At this meeting all the information is to be read publicly, and beneficiaries are to be given opportunity to question officials, seek and obtain information, verify financial expenditure, examine the provision of entitlements, discuss the priorities reflected in choices made and critically evaluate the quality of work as well as the services of the programme staff.

Section 17 of the MGNREGA, 2005 contains provisions regarding social audit, whereby it is provided that:

“(2) The \textit{Gram Sabha} shall conduct regular social audits of all the projects under the scheme taken up within the Gram Panchayat;

(3) The Gram Panchayat shall make available all the relevant documents including the muster rolls, bills, vouchers measurement books, copies of the sanction orders and other connected books of accounts and papers to the \textit{Gram Sabha} for the purpose of conducting social audit.”\(^9\)

The MGNREGA (Amendment) Act, 2008 also provides some rules regarding social audit, which are as follows:

“Sec 13(b):

i) The Social Audit shall be held at least once in every six months.

ii) An announcement of the social audit will be made by the District Programme Coordinator or the Programme Officer at least thirty days in advance.

iii) For each social audit by the Gram Sabha, the \textit{Gram Sabha} will elect from itself a social audit committee of workers who have worked in current/previous works

\(^8\) The NREGA Operational Guideline, 2008 found in – www.nregaconsortium.in last visited on 02.01.2012 at 10.00 p.m.

\(^9\) The MGNREGA, 2005 found in official website of NREGA – www.nrega.nic.in last visited on 15.10.2015 at 1.00 pm.
under MGNREGA of the same Gram Panchayats and not less than one third member of Social audit committee shall be women.

iv) The Programme Officer shall ensure that all the relevant documents, including complete files of the works or copies of them, of works of implementing agencies for the jurisdiction of that Gram Panchayat shall be available for inspection at the Gram Panchayat.

v) The Gram Panchayat shall present all necessary information and documents at least 15 days in advance to the social audit committee.

vi) The social audit committee will verify all documents and information. Any person may submit any information to the social audit committee deemed to be relevant.

vii) The Programme Officer shall notify in writing all the public representatives and also concerned staff implementing the MGNREGA well in advance to ensure that they are kept informed about the process and are present at the social audit.

viii) The Social audit committee shall read out its findings publicly in the Gram sabha and people shall be given an opportunity to seek and obtain information from the Gram Panchayat and the officials concerned and verify the records.

ix) The action taken report relating to the previous social audit shall be read out at the beginning of each social audit.

x) The Minutes shall be recorded by secretary and signed before and after the completion of the social audit by all participants. Any dissent/objections shall be addressed and recorded in the minutes.

Thus the purpose of inclusion of the provisions regarding social audit in the MGNREGA is to ensure public accountability in the implementation of the projects, laws and policies on the one hand and active participation of the beneficiaries so as to ensure systematic implementation of the scheme on the other. So the term social audit has been used in the Act as continuous process of public vigilance. The Act has also imposed a heavy burden upon the Gram Panchayat to conduct and make necessary arrangements for that purpose.

One of our former prime ministers had lamented that only 15% of the fund allocated for rural development actually reaches the rural poor due to rampant corruption. In order to prevent that

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10 The Mahatma Gandhi National Rural Employment Guarantee (Amendment) Act, 2008 found in the official website of the MGNREGA www.nrega.nic.in, last accessed on 15.10.2015 at 1.00 pm.
unfortunate tragedy in case of the MGNREGS the provisions of the Act relating to social audit has high significance. It definitely ensures active participation of all the beneficiaries in maintaining transparency and accountability of the administrative machinery by means of continuous public vigilance in implementation of the scheme. It empowers the rural people to have necessary information relating to MGNREGS like fund sanctioned, projects taken up, muster rolls, job cards, etc. It also empowers them to check and raise questions about different documents like sanction orders, bills, vouchers, muster rolls, measurement books and other connected documents.

So, the provisions of this Act relating to social audit will definitely ensure transparency and accountability in the implementation of the scheme by a systematic democratic process if these provisions are scrupulously executed. Aiyar and Samji (2009) observed that emerging empirical evidence on the social audits suggested that social audits had a significant and lasting effect on citizen’s awareness levels. Moreover, it demonstrated that it has some effects on implementation processes and in this process it significantly enhances confidence of the worker and their self respect and most importantly, ability to engage with local officials. 

On the other hand on the basis of their opinion on the social audit mechanism prevailing in Andhra Pradesh, Aakella and Kidambi (2007) has observed that “It emerges that corruption is verily in the fabric of our society. To root it out would require untangling of the tangled webs and putting a flashlight on the microprocessors of public programmes like a social audit does and deal with each part. Placing details of the programme in the public domain, taking the information down to the primary stakeholders, discussing the non-negotiable and implementation details with all stakeholders on a common platform and holding officials accountable for their work, bringing individual issues to the forefront and forcing the system to take cognizance – all of this constitutes a social audit process. If worked on diligently and sufficiently, social audits may yet be the solution to the many ills that plague the delivery of public programmes. In an ideal setting, social audits would in fact ensure transfer of power slowly but surely from the hands of those implementing the scheme to the beneficiaries of the scheme, ending a stranglehold not challenged before”.

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1.5. Justification of Study:

In Post-reform period the performance of India in economic growth in the terms of GDP is no doubt commendable. At the same time it cannot be denied that this growth being only market oriented have failed to ensure inclusion of large section of the society. As a result it has neglected its ‘human face’, resulted in acute unemployment and poverty in general and rural unemployment in particular. This is the major shortcoming of the globalization and liberalization. It has also increased economic inequality throughout the globe. In the light of that non-inclusive character of the growth process, the role of the State was to introduce different public employment programmes to counter the specter of jobless growth. India as part of its inclusive growth strategy experienced a good number of rural employment programmes, but result of those programmes are not satisfactory at all. Different studies on the effectiveness of these programs which we have noted earlier revealed that those programmes have neither reduced poverty levels in a sustainable manner, nor have they expanded the labour absorption capacity of the mainstream economy on a significant scale. Consequently, these programmes have remained a long-term financial drain on the economy.

Against this backdrop the Government of India introduced the Mahatma Gandhi National Rural Employment Act, 2005, one of the landmark legislations in Indian Parliamentary History and aimed at ensuring inclusive growth strategy of the Government of India. One of its important provisions is the mandatory biannual social audit, purpose of which is to ensure transparent implementation of the Act by means of active participation of the beneficiaries of the scheme. It has been experienced by few States like Andhra Pradesh, Odisha that systematic and institutionalized social audit may yield very positive result in creating awareness of rural people and those social audit reports have potentials to generate lots of information, which cannot be possible by only using some quantitative benchmarks.

Thus implementation of systematic and vibrant social audit mechanism is the necessary precondition for ensuring effectiveness of the scheme in any state for the interest of overcoming acute rural unemployment problem.

So it may be worth researching the same in respect of other states in India to get a holistic result. That is why we have tried to make a micro study in some selected Gram Panchayats in West Bengal to evaluate how far the provisions of the MGNREGA have been followed and also how they have impacted the efficacy of the programme vis-à-vis the implementation of the Social Audit provisions of the said act. Further, regarding study area, we would argue that West Bengal is one of the Indian states, which suffer from acute rural unemployment. Moreover it is the state where we experience higher concentration of poverty in rural areas as compared to national
average (Mukherjee, Ghosh, 2009). It is also the fact that this state occupies most leading position in the country in democratic decentralization of power through systematic implementation of Panchayati Raj (GOWB, 2004, Bardhan and Mookherjee, 2003). Effective implementation of wage employment programmes like the MGNREGS is expected to yield desired result to mitigate this problem. Thus successful implementation of its provisions relating to social audit deserves special attention for the interest of enhancing awareness level of the rural masses of the state.

1.6. Organization of the Study:

We have organized this study in terms of the following:

**Chapter I** provides an introductory analysis of the MGNREGS, Social Audit and Rural Development. In this chapter we have tried to underline the Rural Development Programmes with special reference to the international perspective of Public Work based employment programmes to overcome the problem arising out of jobless growth in the post-economic reform period in many countries in the World. We also discussed about the different features of the Mahatma Gandhi Rural Employment Guarantee Act, 2005 followed by the origin and concept of social audit in India. We also elaborated the relevance of social audit in context of the MGNREGS in India and West Bengal. Lastly in this chapter we highlighted the justification and organization of our study.

**In Chapter II** we make a review of existing literature relating to rural development. In this chapter we have summed up the literatures, which discussed about the problem of rural development and the role of different antipoverty Programmes to mitigate the same. Secondly we have also highlighted the literatures, which discussed about the MGNREGS in India and West Bengal. The effectiveness of social audit of the MGNREGS in different Indian states has been discussed at the third part of this chapter. Lastly we have attempted to find out the research gap in the area of our study particularly, pertaining to adherence of social audit mechanism of the MGNREGS in West Bengal, where concentration of poverty in rural areas deserves special attention for the implementation of the radical provision of the MGNREGA relating to social audit.

**In chapter III** we have explained our objective and methodology of the study and also the choice of study area for primary data collection. Further, we have noted the sources of Materials in this chapter. We have also elaborated our statistical techniques and major hypotheses at end of this chapter.
Chapter IV outlines the present scenario of rural development in West Bengal. We have critically analysed ongoing rural development programmes in West Bengal with special reference to the MGNREGS on the basis of secondary data. At the later stage we also have tried to highlight the performance gram panchayats in West Bengal and India regarding organization of social audit of the MGNREGS on the basis of the secondary data.

Chapter V analyses data collected from field survey in selected Gram Panchayats in West Bengal. We have used statistical techniques for analyzing the collected data and gave the findings of our study.

Finally, in Chapter VI we make a summary of our findings and present concluding observations.
References:


Centre for Good Governance (2005), Social Audit: A Toolkit, Hyderabad.


Mukhopadhyay, Amitava (2005), Social Audit, found in http://www.india seminar.com, last accessed on 14.01.2012 at 2.00 pm.

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Annexure-IA

Salient features of the MGNREGA, 2005:

i) MGNREGA seeks to provide at least 100 days guaranteed wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work.
ii) One of the most important features of MGNREGS which makes it superior from other wage employment programmes is that it provides for the time employment guarantee and payment of wages within 15 days.

iii) The Act also provides for the incentive–disincentive structure to the state Governments for providing employment as 90% cost of employment provided by the Central Government and payment of unemployment allowance in case failure to provide job at their own cost.

iv) The Act also contains provisions for keeping and maintaining Job cards and relevant records and making them available to the public in order to ensure the transparency in the implementation of the Act.

v) In order to ensure effective implementation of the scheme by means of continuous public vigilance the Act also contains the provisions of biannual social audit.

vi) With a view to ensure social change and social welfare the Act also contains provisions, which provides that at least 33% of the total beneficiaries must be women. The Act also contains provisions for participations of SC/ST i.e. socially backward communities.

vii) In order to ensure financial inclusion of the poorest sections of rural India the Act provides for mandatory wage disbursement through Bank/post office accounts.

viii) The Act also contains provisions for encouraging labour intensive projects because it’s main focus is on the works relating to water conservation, drought proofing including afforestation/tree plantation, land development, flood control or protection including drainage in waterlogged areas, rural connectivity in terms of all weather roads.

ix) With a view to strengthening the decentralization and democratic structure upto grass root level the Act empowers the State Governments for formulation of schemes as per rules contained in the Act and also empowers the Panchayats to have the key role in planning, implementation, monitoring and organization of social audit.

The MGNREGS has ensured paradigm shift from the previous wage employment programmes on the ground that_

i) For the first time in India the MGNREGA provides a statutory guarantee of wage employment.
ii) It provides a rights-based framework for wage employment. Employment is dependent upon the workers exercising their choice to apply for registration, obtain a Job Card, and seek employment for the time and duration that they want.

iii) There is a 15 days’ time limit for fulfilling the legal guarantee of providing employment.

iv) The legal mandate of providing employment in a time bound manner is underpinned by the provision of Unemployment Allowance.

v) The Act is designed to offer an incentive structure to the States for providing employment as ninety percent of the cost for employment is borne by the Centre. There is also an associate disincentive for not providing employment as the States then bear the double indemnity of unemployment in the form of unemployment allowance.

vi) Unlike the earlier wage employment programmes that were allocation based, the Act is demand driven. Resource transfer under MGNREGA is based on the demand for employment and this provides another critical incentive to States to leverage the Act to meet the employment needs of the poor.

vii) NREGA has extensive inbuilt transparency safeguards:

a) It has provisions for issuing Job Cards for recording entitlements and those are kept in the custody of workers. It also contains the provision written application for employment, issue of date receipt and maintenance of Muster Rolls, Measurement Books and Asset Registers, which are to be kept available for public scrutiny.

b) Processes: Acceptance of employment application, issue of dated receipts, time bound work allocation and wage payment, Citizen Information Boards at worksites, Vigilance Monitoring Committees, regular block, district and state level inspections and social audits have all ensured transparency in the implementation of the Act.

viii) The public delivery system has been made accountable, as it envisages an Annual Report on the outcomes of the same to be presented by the Central Government before the Parliament and to the Legislature by the State Government. Specifically personnel responsible for implementing the Act have been made legally responsible for delivering the guarantee under the Act.
Annexure-IB

Social audit as the part of audit of the MGNREGS:

According to Section 3 of the Social Audit Rules, notified by the Ministry of Rural Development, Government of India, vide notification in the Gazette of India dated 30.06.2011 social audit is the part of the audit of the MGNREGS. Under subsection 1 of the said section it has been provided that the State Government shall facilitate conduct of the social audit of the works taken up under the Act in every gram panchayat at least once in every six months in the manner prescribed in these rules.

Under subsection 2 of section 3 it has also been provided that a summary of findings of such social audits conducted during a financial year shall be submitted by the State Government to the Comptroller and Auditor General of India.

Further under section 4(1) of the said rules it has been provided that the State Government shall identify or establish under the Act, an independent organization called Social Audit Unit.

Under section 4(2) it has been provided that the said Social Audit Unit shall be responsible for the following, namely-

a) Build capacities of the Gram Sabhas for conducting social audit and towards this purpose identify, train and deploy suitable resource persons at village, society organization having knowledge and experience of working for the rights of the people.

b) Prepare social audit reporting formats, resource material, guidelines and manuals for the social audit process;

c) Create awareness amongst the labourers about their rights and entitlements under the Act;

d) Facilitate verification of records with primary stakeholders and work sites;

e) Facilitate smooth conduct of social audit gram sabhas for reading out and finalizing decisions after due discussions;

f) Host the social audit report including action taken reports in the public domain.
Annexure-IC

**Vulnerabilities, which may be prevented by the social audit**

<table>
<thead>
<tr>
<th>Sl.no.</th>
<th>Phases of implementation</th>
<th>Possible vulnerabilities</th>
<th>Role of social audit</th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>Registration of families</td>
<td>1. Absence of concerned functionaries;</td>
<td>1. Report of survey, made prior to registration must be placed for scrutiny. 2. Updated list of all registered households and list of their adult member must be available for public scrutiny. 3. Complaints must be settled at earliest and those must be placed at the social audit meeting. 4. No refusal to registration may be allowed without giving the concerned household member/s an opportunity to be heard. In social audit meeting those records must be placed.</td>
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<td>2. Denial of registration;</td>
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<td>3. Incomplete list of adults in each household;</td>
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<td>4. Registration of bogus families;</td>
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<td>5. Rejection of ‘incomplete’ registration forms;</td>
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<td>6. Asking for money for registering names.</td>
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<td>2.</td>
<td>Distribution of job cards</td>
<td>1. Delay in receiving job cards;</td>
<td>1. Complaints must be registered if job cards are not issued within one month from the date of registration. That record must be available for public scrutiny. 2. Updated list of job card holders must be available for all times for inspection. 3. A file containing photocopies of all issued job cards must available for public scrutiny.</td>
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<td>2. Issue of false job cards;</td>
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<td>3. Issue of job cards to ineligible families;</td>
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<td>4. Non-issuance of job cards;</td>
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<td>5. Asking for money for job cards.</td>
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<td>3.</td>
<td>Receipt of work application</td>
<td>1. Non-acceptance of work application by the relevant authorities; 2. Wrong date or no date recorded on the application; 3. Rejection on the ground of ‘incompleteness’.</td>
<td>1. Job card holders may advised to: a) Send the application by post or deliver by hand; b) To take immediate, written, signed and dated receipts. 2. Updated detailed record of work application must be made available for public scrutiny at gram panchayat. 3. Forms of application must be made available for all times; 4. Rejection of application on the ground of ‘incompleteness’ will be allowed.</td>
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<td>4.</td>
<td>Selection of the public work to be taken up in a particular gram panchayat</td>
<td>1. Selection of a low priority or inappropriate work; 2. Selection of work that serves a vested interest; 3. Lack of public support or cooperation for that work; 4. Poor selection of worksites.</td>
<td>1. The shelf of projects /works to be taken up should be determined by the gram sabha; 2. The shelf of projects should also be assessed for relevance and priority by the gram sabha; 3. A list of the finally selected projects and works, in their order of priority must be displayed at the gram panchayat office for public scrutiny.</td>
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<td>5.</td>
<td>1. Development and approval of technical estimate</td>
<td>1. Exaggerated or inaccurate technical estimate; 2. Inclusion is estimate of unnecessary expenditure; 3. Excessive rates and material; 4. Unclear work order that does not make the details of the work clearly or leaves scope for misinterpretation.</td>
<td>1. Technical estimate must be prepared with active involvement of local people and must be placed at <em>gram sabha</em> for approval; 2. Format of the same must be simple and capable of being understood by the people; 3. Sanction and work order must be in simple format and open for public display. 4. Relevant files must be available for public scrutiny at all times.</td>
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<td>6.</td>
<td>Allotment of work</td>
<td>1. Giving out-of-return allotments; 2. Favouring or discriminating against job card holders in allotting or type of works; 3. Non-follow up of gender quota; 4. No information to concerned job card holders for allotment of work; 5. Demanding money for allotment of work.</td>
<td>1. Up to date work allocation register must be properly maintained and must be available for public scrutiny. 2. Notice for allotment of work must be displayed at the notice board in such way that may be clearly understood by the public and other means of canvassing may also be adopted; 3. A day must be fixed (preferably Sunday) to inform the interested people details of work allocations.</td>
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<td>7.</td>
<td>Implementation and supervision of work</td>
<td>1. Recording of ghost workers; 2. Recording of fictitious works; 3. Works not conforming to work specifications or prescribed standards; 4. Supply of less than sanctioned or poor quality of material.</td>
<td>1. An open ‘project meeting’ must be held before starting of projects with the job card holders and open to general public about the details of work, wage rate and wage norms. 2. Individual measurement for work must be followed unless a group collectively decides to have joint measurement; 3. Up dated muster rolls must be available for public scrutiny; 4. Every week bills, vouchers must be verified by the five workers and those must be available at the worksite. 5. Copy of sanction and work order must be available at the worksite for public scrutiny; 6. Provision to access all the information must be ensured for Right to Information Act, 2005. 7. Daily material register must be verified by at least five workers and must be available at the worksite for public scrutiny. 8. Records relating to measurement of works and workers must be available for</td>
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<td>5. Payment of wages to the</td>
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<td>non-existent projects;</td>
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<td>7. Failure to pay minimum</td>
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1. Weekly public announcement of work allocation must be made and work allocation orders must be displayed publicly.
2. Payment of wages must be made through bank or post office unless permitted by the payment committee of the concerned district.
3. A list detailing all payments to be made must be put up in public and accessible place so that the list may be available for public scrutiny.
<table>
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<tr>
<th>Sl.no.</th>
<th>Phases of implementation</th>
<th>Possible vulnerabilities</th>
<th>Role of social audit</th>
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<tbody>
<tr>
<td>10.</td>
<td>Evaluation of completed work</td>
<td>1. Recording of improper measurements; 2. Not consolidating the information regarding the works in one place; 3. Issue of false completion certificate; 4. Works not conforming to specifications or standards; 5. Data recorded in a confusing or incomprehensible manner;</td>
<td>1. Verification of works must be made in conformity with the work order and specifications. 2. Quality of works must be carried out at open project meeting with all the workers; 3. Completion and other data must be made available for public inspection; 4. An assessment of work must be made at the social audit meeting and grievances if any must be properly redressed.</td>
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| 11.   | Social audit meeting at gram sabha. | 1. Information of the meeting not being available because of failure to carry out the transparency requirements.  
2. Failure to obtain clarifications or answers to the queries with regard to the scheme.  
3. Various aspects of the programme carried out without people’s involvement.  
4. Lack of opportunity for individuals and the gram sabha as a collective to review the functioning of all aspects of the programme. | 1. Notice of the meeting must be displayed at proper place and wide canvassing of the same must be ensured.  
2. Meeting must be made twice in year as per provisions of the Act;  
3. Meeting must be conducted in a transparent and non-partisan manner, where the poorest and most marginalized can participate and speak out in confidence and without fear.  
4. All the vouchers, muster rolls, work allocation registers and other relevant records pertaining to the preceding period must be placed and reviewed in the meeting.  
5. ‘Action taken report’ of the previous meeting must be placed.  
5. Minutes of the meeting must be properly recorded and must be made available for public. |