

# Mahatma Gandhi National Rural Employment Guarantee Act, Transparency and Social Audit: Prospects and challenges

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## Abstract

*Social audit is an instrument through which beneficiaries are able to make authorities accountable for their action in the implementation of rights enshrined by the Constitution and legislations. MGNREGA, unlike other legislations, has the provision of social audit built into it. The basic change MGNREGA confers on people is guaranteeing a right to employment and making the government accountable. In order to ensure that each individual has the right to get all that he/she is entitled to, the provision of social audits has been integrated and institutionalised in the process of this Act that certain course of actions have been offered for ensuring complete transparency and accountability of all stakeholders.*

*The present paper tries to examine the needs of social audit to keep MGNREGA from problem that afflicts the proper implementation of the Act. The paper also attempts to explore the challenges found in the process of social audit to the transparency of provisions of the Act.*

**Key words:** MGNREGA, social audit, transparency, accountability, etc.

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## Introduction

Public programmes in most developing countries are notorious for being ineffective due to rampant corruption. One of the oft-emphasised mechanisms whereby they can be made effectual is of giving control to local communities in the implementation and monitoring of such schemes. However, evidence

on the effectiveness of community control in improving the delivery of public goods and services in developing countries is conflicting. Some recent studies suggest that community monitoring of public programmes can have only a small or insignificant impact on reducing corruption or improving the accountability of public officials (Banerjee, Angus, & Esther, 2004; Olken, 2007). The recent spate of social audits of public projects under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in India provides an opportunity to re-examine the question of the impact of community monitoring in the Indian context. Given the increasing emphasis on decentralisation of administration to the grassroots level across the developing world, particularly in India, as a means of empowering local communities, the findings of the aforementioned research begs the question of whether audits of public programmes by local communities can be effective and sustainable in improving accountability of public officials. If proved effective, answering this question can also help in understanding the institutional characteristics or the nature of community participation that determines the success of community monitoring (Afridi, 2008).

## What is Social Audit?

The concept of social audit was appeared in early 1940s when the depression era academician Theodore Kerps called on companies to acknowledge responsibility towards citizens. The term social audit was proposed by Howard R. Bowen in 1953, in his

article on “Social Responsibilities of a Businessman”. The term social audits emerged in the United Kingdom and Europe in the mid 1970s. It was used to describe evaluations that focused on the likely impact on jobs, community and the environment. The term social audit was used in such evaluations in order to emphasize that these evaluations had a social angle to them and were not concerned with the economic function of government policies, industry trends or actions of trade unions (Gahlot, 2013). A social audit is a process by which the people, the final beneficiaries of any scheme, programme, policy or law, are empowered to audit such schemes, programmes, policies and laws. A social audit is an ongoing process by which the potential beneficiaries and other stakeholders of an activity or project are involved from the planning to the monitoring and evaluation of that activity or project. It thereby tries to ensure that the activity or project is designed and implemented in a manner that is most suited for the prevailing (local) conditions, appropriately reflects the priorities and preferences of those affected by it, and most effectively serves public interest. To put it in a simpler way, social audit can be described as checking and verification of a programme/ scheme implementation and its results by the community with the active involvement of the primary stakeholders. Social audit covers the quantity and quality of works in relation to the expenses incurred/ disbursement made, number of works/ materials used and also selection of works and location of works. The aim is effective

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implementation and control of irregularities. Administrative machinery should extend full support in carrying out a social audit by the community (Government of India, 2015).

### **MGNREGA**

In August 2005, the Indian Parliament passed the National Rural Employment Guarantee Act (NREGA) (renamed as Mahatma Gandhi National Employment Guarantee Act, 2005 (MGNREGA)), which provides for 100 days of guaranteed employment to every rural household. The Act came into force in 200 of the country's poorest districts and has now been expanded to another 130 districts. It has recently been announced that NREGA will be extended to cover the whole country by April 2008. NREGA has placed a judicially enforceable obligation on the state. Under the provisions of the Act, State Governments are to provide unskilled, manual work within 15 days of a person making an application, within a radius of 5 kilometres from the applicant's residence. Failing this, the state government is to provide an unemployment allowance. Workers are entitled to a statutory minimum wage for their labour, to be paid within 7 days after the work is done. Men and women are to be paid equal wages. This Act is based on the principle of self-selection by focusing on unskilled, manual work.

There are strong provisions for transparency and accountability at all levels: for instance, wages are to be paid in the presence of the community on pre-specified dates, all relevant documents are to be made available for public scrutiny and regular social audit of all works has to be conducted. The NREGA has to work in tandem with another very important legislation, the Right to Information Act, 2005. MGNREGA, unlike other employment programmes, confers a right and an entitlement. There is

a ban on the use of contractors because their participation was often associated with corruption in food-for work or other public works programmes. Since the work has to be provided directly to the people by district authorities or local panchayats, it is easier to hold them to account.

It is the responsibility of the district authorities to register any household that wants work and issue them Job Cards in which details of the number of days of employment provided and payment made have to be entered. The names and photographs of every household member are to be on the Job Card and this Card is to be kept by the household. Massive campaigns and social mobilization efforts were made to inform people of their rights and entitlements under the Act. Training programmes have been conducted across the country for government officials and panchayat members to spread awareness about their roles and responsibilities.

Instructions have also been sent to the effect that payment of wages should be made through local banks or post offices, wherever possible. The entire MGNREGA process has been computerized and in some states - such as Andhra Pradesh and Orissa - data is available on line of each household registered and the number of days of employment provided as also wages paid. This level of information on public works was hitherto unavailable (Burra, 2008).

### **Social Audit Process in MGNREGA**

Quite naturally, with MGNREGA reaching out to over 50 million households every year, an equally extensive monitoring and evaluation system is in place in order to monitor it both from the top and the bottom. Some monitoring systems have been mandated by the law (i.e. are within the Act) while others initiated by the law (i.e. rules and additional directions to uphold the Act). The

Act mandates that a formation of a statutory body Central Employment Guarantee Committee at the Central level, State Employment Guarantee Committee at the State Level and Village Monitoring Committees at the village level to monitor the implementation. Government of India was envisaged that decentralized and collaborative networks would be needed for monitoring such an expansive policy and thus included the Social Audits within MGNREGA (MGNREGA, Section 17). Social Audits are the strongest tenet of the MGNREGA program as they infuse and stir life into the Panchayati Raj, and invigorate community activism with a sense of collective accountability and responsibility. Social Audits have been a significant vehicle for strengthening decentralization and deepening processes of democracy. The basic objective of a social audit as a mandatory post-implementation exercise is to monitor all projects under MGNREGA at least once in 6 months. However, it can also be understood in a broader sense, as a continuous process of public vigilance to ensure public accountability in the implementation of projects, laws and policies by the community as whole. One simple form of social audit is a public assembly where all the details of a project are read out. But a more elaborate social audit could include an extensive inspection of status and quality of all works, scrutinizing all documents and payments made, investigating discrepancies or grievances raised by the workers and pass resolution or directions to remedy or investigate the matter and discussing the findings in a specially convened Gram Sabha (Government of India, 2008). The District Program Coordinator at the District level and the Program Officer at the Block level are responsible for ensuring the smooth functioning of social audits

in their Gram Panchayats every six month. The Act also necessitates setting up of a Social Audit Committee elected from MGNREGA workers from Gram Panchayats with at least one-third representation of women in the committee. The Social Audit Committee is a separate from the Gram Panchayat committee to allow for impartial proceeding and allow the villages to express their concerns freely. All documents related to the MGNREGA projects are submitted to the Social Audit Committee. Most of this information must be accessible online through the MGNREGA MIS database and can also be requested through Right to Information Act. This ensures that the workers and general public have access to all the information regarding their work, payments made to hold implementing agencies for any delays or discrepancies. A special Gram Sabha is convened for the social audit where any member of the Gram Sabha can address their concerns or grievance to the Committee and administration. External members like civil society organizations, media can observe the proceeding without intervening in them. Sometimes even their presence can compel the implementation agencies to answer queries and commit to undertaking appropriate action with a set timeline. All action taken reports have to be filed within a month and findings related to contravention of the Act are automatically treated as complaints and enquired. While conflicts are expected when villagers question any discrepancies or question the implementing agencies as there is an inherent power struggle dynamics evolving, there have also been instances where individual workers and worker groups often work in tandem with the administration, local civil society organizations, media to coordinate and follow-up on social audits, thereby no longer remaining

marginalized or excluded (Vij, 2011).

### **Social audit and Transparency: Evidence from different studies**

In most of States, the provision for mandatory availability of muster rolls on work site is also not followed. In Gujarat, while the administration in Panchmahals and Dahod claims that social audit has been conducted, actually no report of the proceedings of these audits is available for scrutiny. Nor has the necessary mobilisation been carried out before organising such events. Talatis also resist divulging any information, despite threats of using the RTI Act. In Chhattisgarh, monitoring and vigilance committees have been largely inert in Raigarh and Jashpur. In Rajnandgaon, social audits have been done to complete a formality. Monitoring and vigilance system are not present or inactive. In Sarguja, the social audits conducted have been far from satisfactory. Field reports indicate that the frequency of these audits needs to be increased from the present once every year to once a quarter. In Madhya Pradesh's Tikamgarh district, only one social audit is reported. In Mandla, no social audit is reported to have been conducted. The data on workdone and payments is kept tightly under wraps. In Khandwat here does not seem to be any social audit arrangement in place. In Shivpuri reports clearly point to a lack of social audit and no village level vigilance committees. Panchayat secretaries have floated vigilance committees by entering a few names from the gram panchayat in their records. These names are also used for "ratification" by gram sabhas of various decisions. However, these members do not themselves know either of their membership of these committees or about their duties or powers. The worst thing that could have happened to social audit is the process of inviting tenders for conducting them. In Shivpuri, it is

reported that some agencies have tendered as low as Rupees 27 per gram Panchayat to do a social audit. In Khandwa, owners of photography shops, printing presses and manufacturing units had also submitted tenders to conduct this audit. Here the lowest bid was for Rupees 100 per gram Panchayat (Ambasta, Shankar, & Shah, 2008). According the Social Audit Status Report by Ministry of Rural Development at the national level, 16% of districts have still not conducted any social audit from April 2010. In Bihar only less than 3 out of every 10 Gram Panchayats have conducted at least one social audit. Whereas social audits have been conducted in all the Gram Panchayats across the States such Rajasthan and Kerala. Even in places where social audits have been reported, the possibility that they may have remained only on records or conducted unfairly cannot be ruled out. It is still the onus of the administration to help Gram Panchayats plan and ensure smooth functioning of the social audits. This may also be seen as an inherent paradox, as the implementation agency to be audited is entrusted with the task of planning and ensuring fair proceeding of the Social Audit. Further, in an independent evaluation of social audits conducted by the Government of India raised serious concerns on the status and quality of social audits conducted in the field (Vij, 2011).

### **Positive side of Social Audit: Experiences from some studies**

In 2007, the World Bank, in partnership with the SPIU of the rural development department of Andhra Pradesh conducted a study on the effectiveness of implementing regular and sustained social audits in NREGA. The study found that the social audits have a dramatic effect on awareness.

When asked 'Have you heard of the NREGA', only 39% answered positively in round 1 (before the social audit). This rose to a dramatic 98% in round 2 and stayed at 98% in round 3 (six months later)

The other results were less dramatic but significant.

- The study found that entries in job cards increased from 39% in round 1 to 99% in round 3 indicating that there is some follow up to the social audit in key management areas.
- Knowledge about the wage payment slips and what they are meant for rose from 62% to 92% and 96% respectively. A direct consequence of that was that laborers better understood that that payment slips are linked to quantum of wages received- figures rose from 49% to 60% in round 3.
- Some visible improvements were noticed in worksite facilities. Drinking water availability went up from 79% in round 1 to 83% and 95% in rounds 2 and 3 respectively. The presence of first aid facilities at work sites rose from 41% in round 1 to 52% in round 2 and 83% in round 3. The provision of facilities for shade at the worksites improved from 16% to 40% in round 3.
- Study results show that 88% of those who had participated in the social audit said that grievances were raised during the audit process. Of these, as many as 84% said that these were resolved. When asked if they felt that the social audit was

an effective mechanism to resolve grievances, as many as 82% laborers replied in the affirmative.

- On the desirability of conducting social audits, 90% respondents said the social audits are a desirable task. Of these, 94% said that the social audit ought to be conducted on a regular basis and at the end of round 3, 95% respondents said that they were ready to conduct a social audit on their own.
- Over 90% laborers said they felt more comfortable approaching various local level functionaries. When asked why, 60% said the increase in awareness about different aspects of the act had made them more confident to approach the concerned authorities (Aiyar & Samji, 2009).

Corruption in the postal department has now been reduced dramatically as labourers have testified in public hearings and corruption levels have come down as a result. The most amazing fact is that huge sums of money, approximately Rs 55 lakhs, have been voluntarily returned by corrupt officials because of the social audit process in the 13 MGNREGA districts. Strict action has also been taken by the state government against corruption in MGNREGA (Burra, 2008).

### Conclusion

MGNREGA gives an opportunity for the country's poor to seek livelihood with dignity. It has the capacity to address debilitating hunger and poverty in the country. Social audit has the potential to serve the provisions of the Act (Aakella & Kidami, 2007). But much more needs to be done. If the Government of India seriously

wants to ensure transparency and accountability, then it needs to provide additional resources separately for social audit and not expect funds for social audit to come out of administrative support costs as is currently the practice (Burra, 2008).

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