

Can Social Audits Count?¹

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Abstract

This paper discusses the conceptual and operational problems associated with the social audit of a government scheme. It argues that social audits have not performed well in the National Rural Employment Guarantee (NREG) scheme because of three problems. First, conceptually, it has been unable to resolve the question of hierarchy. In a social audit, the relationship between the auditors (who include villagers and NGOs) and the bureaucrats is weakly hierarchical; the NGOs and villagers are part of the citizenry who elect political representatives, and these politicians in turn oversee the bureaucracy implementing the scheme. Second, operationally, the feeble hierarchical relationship weakens the enforceability of sanctions against errant officials and produces a disconnect between the substantive goals of the scheme and the procedural standards followed by bureaucrats. Third, the assumption underlying the social audit that given a chance, the community will monitor such schemes is also problematic. The paper highlights the arguments by assessing the performance of NREG social audits in three states — Andhra Pradesh, Rajasthan and Madhya Pradesh.

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I. Introduction

In January 2010, Kishen Singh, a landless labourer and father of five died of starvation in Rajasthan.³ Neither he nor his wife who was a job card holder of India's National Rural Employment Guarantee (NREG) scheme were aware that their household was entitled to 100 days of wage labour per year. Despite having worked in the scheme for 27 days and earned about Rs. 2748, the wife did not know that the government was required by law to provide her household with 73 more days of work or else pay an unemployment allowance. Anti-poverty programs like the NREG are plagued by problems of low awareness among beneficiaries, leading to rampant corruption. Newspapers and government audits have uncovered fudged muster rolls, skimming of wages, and fake vouchers for materials in the anti-poverty scheme.⁴

Scholars and practitioners have struggled with the issue of how best to reduce corruption. There are several approaches, including designing an appropriate monitoring and punishment system (Becker and Stigler 1974), increasing grass roots participation in local level monitoring (Stiglitz 2002, Rose-Ackermann 2004), or by some combination of the two. In practice, as Olken (2007) points out, individuals tasked with monitoring and enforcing penalties may themselves be corrupt, and the situation could enhance transfer between officials rather than reduce corruption. In the last decade, the development community has endorsed more participation by community members in monitoring anti-poverty programs on the assumption that people who benefit from the program may have better incentives to keep an eye on it.

The Indian government opted for such a hybrid approach in the NREG scheme through a mandatory social audit component. A social audit 'is a process in which the people work with the government to monitor and evaluate the planning and implementation of a scheme'.⁵ The joint participation by the community and the government is supposed to reduce corruption by increasing awareness among beneficiaries about their rights and induce accountability on the part of the implementers. Paraphrasing, Edward Rubin (2008),

³ <http://southasia.oneworld.net/todayshadlines/indias-job-scheme-fails-to-prevent-starvation-death>

⁴ An audit by the Comptroller and Auditor General (CAG 2007) revealed glaring weaknesses and leakages in the program, and sparked a contentious public debate on the efficacy of anti-poverty programs. For instance, only 3.2 per cent of the registered needy households in 200 of India's poorest districts received the guaranteed 100 days of employment in a year.

⁵ 'Social Audit and the NREGA-A Users Manual', *Centre for Equity Studies*, Sponsored by National Institute of Rural Development, with the support of MKSS.

accountability involves the ability of one actor (in this case the social auditors) to demand an explanation or justification of another actor (government officials) for its actions and to reward or punish the second actor on the basis of its performance or its explanation.⁶

Can social audits, which depend on (among other things) the vigilance of the villagers and their possession of relevant information ensure accountability?⁷ This paper discusses the conceptual and operational problems associated with the social audit of a government scheme. I use Rubin's critique to argue that social audits have not performed well in NREG because of three problems. *First*, conceptually, it has been unable to resolve the question of hierarchy. Accountability involves two elements: a hierarchical relationship and a standard that the hierarchical superior imposes on a subordinate (Rubin 2005: 2120).⁸ In a social audit, the relationship between the auditors (who include villagers and NGOs) and the bureaucrats is weakly hierarchical; the NGOs and villagers are part of the citizenry who elect political representatives, and these politicians in turn oversee the bureaucracy implementing the scheme. *Second*, operationally, the feeble hierarchical relationship weakens the enforceability of sanctions against errant officials and produces a disconnect between the substantive goals of the scheme and the procedural standards followed by bureaucrats. Though ideally, procedural standards (a decision process) are expected to lead to substantive results, Rubin is right to point out that the nature of the bureaucracy is such that the agent-bureaucrat is inclined to confine himself to the procedures because they allow him to satisfy his immediate superior to whom he is directly accountable. *Third*, the assumption underlying the social audit that given a chance, the community will monitor such schemes is also problematic.

The paper highlights the arguments by assessing the performance of social audits in three states — Andhra Pradesh, Rajasthan and Madhya Pradesh. The second section analyses the concepts of accountability and social audits. The third section describes the social audit process in the NREG. The fourth and fifth sections discuss the performance of social audits in the three states and highlight the arguments. The sixth section assesses whether and how social audits can enhance accountability by analyzing the public hearings process. The final section concludes.

⁶ Edward Rubin (2008), 'The Myth of Accountability and the Anti-Administrative Impulse', *Michigan Law Review*, 103(8).

⁷ Ironically, Kishen Singh's village was 75 kilometers from Bhilwara where the NGO that had pioneered social audits, the Mazdoor Kisan Shakti Sanghatan (MKSS), had conducted one such audit of the scheme in October 2009.

⁸ Also see Grant, R.W. and R.O. Keohane (2004) 'Accountability and Abuses of Power in World Politics', *International Law and Justice Working Paper*, Institute for International Law and Justice, New York University School of Law.

II. Defining Accountability

Googling the term ‘we need accountability’ produced 8.72 million hits. Writers in the media, politics, law and academia demand accountability for a range of issues including Scottish football referees, police, taxes, politicians, teachers etc. Yet the term itself defies broad generalizations since it is ‘socially embedded, politicized, pluralistic and value-heavy’ (Ebrahim and Weisband 2007: 3). Scholars have defined accountability as ‘a process of holding actors responsible for their actions’ (Fox and Brown 1998:12), being ‘about trust...about ensuring that the organization performs the task it is supposed to perform in the way it is supposed to be performed’ (Ebrahim 2010), and ‘being responsible to an audience with reward or sanction power...and used by society to control behaviour’ (Beu and Buckley 2001).⁹ These definitions are premised on external scrutiny, supported by transparency, answerability, compliance and enforcement or effective rectification (Mulgan 2000).¹⁰ All definitions agree that accountability involves three actions: pinpointing the successes or defects i.e. evaluating the actor’s performance of a task or tasks; apportioning the reward or punishment; and enforcing it.

As Ebrahim and Weisband (2007: 26) point out, accountability discourses are frequently framed in two ways: (i) as technocratic or administrative issues (also termed as positivist approach) where problems are relatively identifiable (e.g. mismanagement of finances) and solutions are relatively straightforward (e.g. tightening the rules/sanctions); (ii) as a social phenomena (the post modernist approach) in which impacts are a result of relationships of power and interplays between actors.¹¹ L. David Brown (2007: 98), for instance, outlines three stylized models of accountability: agency (agent is accountable to the principal), representative (who is accountable to constituents), and mutual (multiple

⁹ Danielle Beu and M. Ronald Buckley (2001), ‘The Hypothesized Relationship between Accountability and Ethical Behavior’, *Journal of Business Ethics*, 34,(1): 57–73 (Nov.).

¹⁰ Mulgan, R (2000), ‘Accountability: An Ever Expanding Concept’, *Public Administration*, 78(3), 555–73. See Ebrahim and Weisband (2005) for a discussion of definitions and case studies on accountability. Transparency involves collecting information and making it available for public scrutiny; Answerability or justification involves providing clear reasoning for actions and decisions including those not adopted so that they may reasonably be questioned; Compliance is through monitoring and evaluation of procedures and outcomes combined with transparency in reporting these findings; and enforcement involves sanctions for shortfalls in compliance, justification or transparency.

¹¹ Dubnick, M.J. and J.B. Justice (2004), ‘Accounting for Accountability’, paper presented at the annual meeting of the American Political Science Association, Chicago (2–5 September), cited in Ebrahim and Weisband, 2007.

actors accountable to each other).¹² Public institutions in modern democracies usually apply the notion of accountability to the relationship between citizens and their political representatives-agents, and between elected politicians and public administrators/bureaucrats-agents.

The literature on accountability is concerned with how people react to ethical dilemmas.¹³ Neoclassical economic theories suggest that self interest is at the heart of unethical behaviour but as Beu and Buckley (2001) point out, these theories neglect the impact of relationships, morality, and values on the individual.¹⁴ Social network theories (Butterfield and Skaggs 1998) on the other hand suggest that when the relationship between the two individuals is strong, multiplex (e.g. associate and friend) and symmetric in terms of power, and/or when accompanied by surveillance of their behaviour and reputational concerns, the likelihood of unethical behaviour towards each other is low.¹⁵

A more complementary approach — social audits are one such attempt — tries to walk the middle path between under-socialised (individuals maximize self-interest) and oversocialised (individuals are altruistic) views of human behaviour. An ideal social audit involves two things: the mobilization of the community affected or benefiting from a government policy to report the shortcomings, while the audit part involves situating these complaints within formal rules, fixing responsibility on officials and imposing sanctions within the constraints of the system.¹⁶

¹² L David Brown (2007) 'Multiparty social action and mutual accountability', in Ebrahim and Weisband (eds), 2007. A weakness of the principal agent model is that the agent becomes focused on contract incentives and not larger interests, while the mutual accountability model has weak sanctions that depend on shared values, relationships and identity.

¹³ Beu and Buckley, p. 58. They assess theories of ethical behaviour: neoclassical economics and social exchange theory posit that human beings engage in unethical behaviour (i.e. not altruistic or other-regarding or benevolent) if it is in their best interests (Grover, 1993) and see human agents as pure egoists (Becker, 1976). Business ethics theory, unlike classical economics, sees human behaviour as being motivated by more than a complete reliance on self interest (Pava 1998).

¹⁴ The assumption of neoclassical economics is that individuals are self-interested rational economic agents who can be expected to behave virtuously or otherwise depending on a host of well-defined circumstances. A fatal flaw of the simple economic model is its focus on the opportunity costs of moral behaviour to the exclusion of other important variables which affect human behaviour (Morris Altman, 'The ethical economy and competitive markets: reconciling altruistic, moralistic and ethical behaviour with the rational economic agent and competitive markets', *Journal of Economic Psychology* 26: 732–57 (2005).

¹⁵ *Ibid*, p. 60

¹⁶ The efficacy of the social auditor is constrained by the fuzzy outcomes, multiplicity of goals, and unclear weighing of these goals that characterize government implementing agencies. See Tirole, 1994, *The Internal Organization of Government*, *Oxford Economic Papers New Series*, 46(1): 1–29, Jan.

Unlike government audits (conducted solely by government auditors and confined to compliance of expenditures in specified amounts under specified heads) without involvement by the affected people) and people's audit (which involve the people and sometimes NGOs and also look at outcomes, but their findings lack acceptance by the government), a social audit is conducted jointly by the government and the beneficiaries of the scheme being audited. The team is supposed to include resource persons drawn from civil society organizations and village social auditors (unemployed but educated local youth from the villages who are trained for the task by the resource persons).¹⁷ An ideal social audit brings on board the perceptions of the people, examine outcomes (substantive goals of the scheme), not just outputs (i.e. compliance with procedures), involve the community in the task of verification, and its findings are supposed to be enforced by the government.¹⁸

III. Social Audits in NREG

The NREGA of 2005 is perhaps the most significant social policy initiative in India in the last decade. Its main objective is 'to provide enhancement of livelihood security of the households in rural areas of the country by providing 100 days of guaranteed wage employment to every household in unskilled manual work', at the minimum wage on demand within 15 days of asking for employment (Ministry of Law and Justice 2005). Some of its unique features include a time-bound employment guarantee and wage payment within 15 days (otherwise the government is penalized), prohibition of the use of contractors (to check leakage of funds) and machinery (to enhance direct benefits of the program to the participants), and a mandatory 33 per cent participation for women.

The NREG's design conforms to Galasso and Ravallion's (2005) prescription of a targeted program. They posit that capture by the non-poor occurs when public spending is on a private (excludable) good targeted to the poor, and there is no self-targeting mechanism to ensure that only the poor want to participate. Targeting is touted as one way to reduce capture; instead of relying on an administrator to choose the beneficiaries, the program relies on the beneficiaries to select themselves by creating incentives so that only the poor will

¹⁷ The village social auditors are identified and trained by the state and district resource persons/groups who try to ensure that the auditors don't work in their own villages. The VSAs are divided into groups and assigned gram panchayats, and they then conduct the audit over a three day period. The findings are shared in a village meeting where all the key officials and groups are present including the field assistant who is appointed by the government to manage the NREG at the village. However, in practice, the Rajasthan and MP governments dispensed with civil society organizations.

¹⁸ Source: http://nrega.nic.in/best_pre_doc.pdf

participate in the scheme. The self selecting mechanism in NREG is supposed to ensure that anyone who can earn above the minimum wage will opt out of the program. In practice, however, the self- selection mechanism is weak in areas where the NREG wage is higher than the prevailing agricultural wages in slack periods. The benefits have also varied across states. Other failures relate to the distribution of job cards and the leakages in the selection, design and execution of projects.

Social audits were seen as a mechanism to introduce community/societal monitoring of the scheme. Section 17 of the NREGA provides for a social audit of all project work in a village by the village assembly (gram sabha). The village governing council (panchayat) has to provide requisite details to the auditors. Pre audit processes include constituting resource groups with civil society involvement, informing the stakeholders of the audit, and training the groups. During the audit, the auditors are given access to all the data relating to NREG projects who then verify these documents by interviewing beneficiaries and checking the worksites, and then reveal their findings in a social audit assembly where villagers are supposed to speak up. The officials (the field assistant responsible for the NREG, the village secretary, the village chief and members of the village council in the village, the project officer and junior engineer at the block level), have to account for irregularities in this meeting. The final audit report is then prepared and remedial actions are supposed to be initiated by program coordinators.¹⁹

Let us examine how NREG social audits functioned in three states — Andhra Pradesh,²⁰ Rajasthan and Madhya Pradesh.

¹⁹ Source: http://nrega.nic.in/best_pre_doc.pdf.

²⁰ For an analysis of the impact of the first set of social audits in AP, see Yamini Aiyar and Salimah Samji, 'Transparency and Accountability in NREGA: A Case Study of Andhra Pradesh,' *Accountability Initiative Working Paper* No. 1, February 2009. They argue that the social audit increased the awareness of the beneficiaries about their entitlements under the NREG.

IV. Social Audits: A View From the Villages ^{21 22}

Social audits were conducted in 90% of the 70 villages in our sample. In addition, we conducted in-depth reviews of the social audit process and awareness among stakeholders in AP (8 villages), Rajasthan (8 villages) and Madhya Pradesh (10 villages). The discussion in this section is based on the official social audit reports from 27 villages in the three states, and crosschecked through focus group interviews in 27 worksites in these villages.

Andhra Pradesh

Of the eight villages chosen for an intensive set of interviews, the poor accounted for over half the populations of Arepalli, Kondair, Savara, and close to half in Renavatla (see Tables 1, 2 and 3); and of these almost 44% were acutely poor in Kondair, 39% in Savara and 26% in Renavatla. The rest had a more affluent profile. Let us examine the social audits in the poorest villages.

²¹ The present analysis draws upon household data from three states in India: Rajasthan, Andhra Pradesh and Madhya Pradesh. A representative sample was designed as follows. First, a list of NREGS districts was compiled for each state. From these districts, three were selected on the basis of probability proportional to size (in this case, rural population as reported in the 2001 Census) in the case of Rajasthan. In a similar manner six districts were selected for Andhra Pradesh and nine for Madhya Pradesh. The next step proceeded as follows. In the case of Rajasthan, for example, three villages were randomly selected from each district in Rajasthan, followed by a random selection of households. Twenty households were selected from each of twenty five villages spread over three districts in Rajasthan. In Andhra Pradesh and Madhya Pradesh, these 25 villages were spread over 6 and nine districts each. In each village 20 households were randomly selected giving us a sample of 500 households in each of the three states surveyed. The districts chosen in Rajasthan were Sirohi, Udaipur and Jhalwar. In Andhra Pradesh the six districts chosen were Karimnagar, Mahbubnagar, Nalgonda, Warangal, Vizianagaram and Chittoor. In Madhya Pradesh, the nine districts were Sheopur, Tikamgarh, Satna, Shahdol, Sidhi, Jhabua, West Nimar (Khargone), East Nimar (Khandwa), Dindori. Apart from household level information individuals within households were also interviewed. The data include information on caste, occupation, landholdings, household size, NREG participation, type of ration card, and PDS participation. The number of individuals interviewed for Rajasthan, Andhra Pradesh and Madhya Pradesh were, respectively, 2664, 2190, and 2647.

²² Alongside the survey, detailed interviews were conducted in eight villages each in AP and Rajasthan, and 10 villages in MP, selected according to the political affiliation of the sarpanch, in each state within the dataset. Since the sarpanch is elected on non-party line, we found out his or her political affiliation during the household survey. Two trained interviewers (in each state team) who spoke the local language and were cognizant of the requirements of ethnographic research conducted the interviews. The interviews contain anecdotes and examples of corruption, the decision making process of the panchayat (village governing body), the process of choosing NREG projects, the influence of political parties on village level issues, the impact of caste and income on the ability to influence decisions, the information available to the respondent about the NREG, among others. The interviewees included the village sarpanch, ex-sarpanch, deputy sarpanch, gram sevak, NREG assistant, caste leaders, panchayat members, village development committee members, political activists from the leading parties, NGOs in the village, the Patwari, moneylender, ration shop owner, worksite supervisor, NREG beneficiaries at the worksite, and individual asset creation beneficiaries. At the block level, we interviewed the Block Development Officer, the NREG program officer, the junior engineers, ward panchayat members, and the Pradhan. We also interviewed the member of the Legislative Assembly (MLA). We collected detailed information and conducted focus group sessions in 25 worksites per state.

Table 1: Social and Poverty Profile²³

Village name	Total Population	Land Gini	Social Group (State fig in %)				Poverty (%)	
			SC	ST	OBC	Others	Non-Poor	Poor
Rajasthan	37247704		24.81	31.62	33.41	10.17	53.38	46.62
Rampura	3800060	0.72	39.13		50.43	10.43	71.30	28.70
Dhundiya	2399760	0.5	36.11	10.19	28.70	25	54.63	45.37
Kota	471200	0.23	22	7	62	9	39	61
Garda	262880	0.35	16.98	33.02	50		52.83	47.17
Dharkada	1260515	0.34	27.83	25.22	43.48	3.48	53.91	46.09
Ranya Kheri	439654	0.58	14.93	73.13	11.94		81.34	18.66
Taraj	3420192	0.71	22.92	7.29	63.54	6.25	70.83	29.17
Gurari	1025406	0.37	28.43		62.75	8.82	77.45	22.55
AP	29280112		29.89	8.74	49.35	12.02		
Regulagudem	612603	0.59	34.57	58.02	4.94	2.47	86.42	13.58
Renavatla	2265312	0.57	25.89		46.43	27.68	52.68	47.32
Arepalli	986431	0.47	17.48		77.67	4.85	32.04	67.96
Kondair	1424800	0.55	66		17	17	48	52
Kondapuram	1595884	0.46	17.07		75.61	7.32	82.93	17.07
Mecharajupalli	1093404	0.78	39.74		55.13	5.13	73.08	26.92
Savara	474040	0.51	4.29	95.71			48.57	51.43
Pedapalli	505236	0.65	22.54		77.46		66.20	33.80

Table 2: Poverty Profile

Village name	Total Population	Poverty (%)			
		Acutely Poor	Moderately Poor	Moderately Non-Poor	Affluent
Rajasthan		35.37	11.25	18.20	35.18
Rampura	3800060	12.17	16.52	27.83	43.48
Dhundiya	2399760	37.04	8.33	21.30	33.33
Kota	471200	24	37	12	27
Garda	262880	34.91	12.26	16.04	36.79
Dharkada	1260515	46.09		26.96	26.96
Ranya Kheri	439654	15.67	2.99	14.18	67.16
Taraj	3420192	19.79	9.38	3.13	67.71
Gurari	1025406	15.69	6.86	27.45	50
AP	29280112	14.80	17.32	28.35	39.52
Regulagudem	612603		13.58	25.93	60.49
Renavatla	2265312	25.89	21.43	33.93	18.75
Arepalli	986431	43.69	24.27	28.16	3.88
Kondair	1424800	17	35	25	23
Kondapuram	1595884		17.07	31.71	51.22
Mecharajupalli	1093404		26.92	28.21	44.87
Savara	474040	38.57	12.86	27.14	21.43
Pedapalli	505236		33.80	54.93	11.27

²³ Note: These tables do not include Madhya Pradesh because the dataset is not yet complete.

Table 3: NREG Characteristics

Village name	Total Population	NREG Job Card Holders	NREG Participants (%)		NREG Participants(%)				NREG Participants (%) Poverty	
			Female	Male	SC	ST	OBC	Others	Non-Poor	Poor
Rajasthan		9448916	58.12	41.88	26.12	34.61	34.48	4.79	48.78	50.22
Rampura	3800060	627836	81.82	18.18	36.36		63.64		72.73	27.27
Dhundiya	2399760	377740	46.15	53.85	23.08	15.38	38.46	23.08	46.15	53.85
Kota	471200	141360	76.47	23.53	23.53	5.88	70.59		35.29	64.71
Garda	262880	84320	94.12	5.88	17.65	23.53	58.82		47.06	52.94
Dharkada	1260515	449401	50	50	35.71	25	35.71	3.57	64.29	35.71
Ranya Kheri	439654	183736	34.78	65.22	17.39	65.22	17.39		78.26	21.74
Taraj	3420192	1104437	50	50	27.27	9.09	59.09	4.55	63.64	36.36
Gurari	1025406	482544	59.46	40.54	29.73		64.86	5.41	83.78	16.22
AP		12969462	49.37	50.63	33.42	11.74	49.71	5.13	69.50	30.50
Regulagudem	612603	423528	48.21	51.79	32.14	67.86			91.07	8.93
Renavatta	2265312	707910	42.86	57.14	37.14		45.71	17.14	65.71	34.29
Arepalli	986431	545889	58.54	41.46	17.07		82.93		48.78	51.22
Kondair	1424800	669656	62.50	37.50	77.50		15	7.50	52.50	47.50
Kondapuram	1595884	953638	46.94	53.06	20.41		69.39	10.20	81.63	18.37
Mecharajupalli	1093404	420540	46.67	53.33	56.67		43.33		63.33	36.67
Savara	474040	135440	23.53	76.47	11.76	88.24			58.82	41.18
Pedapalli	505236	163668	21.74	78.26	26.09		73.91		78.26	21.74

Kondair village experienced its first social audit, when twenty district resource persons, two state resource persons, and 31 village social auditors (VSAs) conducted the survey over eight days in November 2006. The auditors reported charges of dishonesty and inefficiency against field assistants, who were the main implementers of the program in a village.²⁴ The field assistants had assigned less work to the beneficiaries, made mistakes in filling out attendance in worksite muster rolls, failed to issue job cards to all applicants, and did not popularize the scheme. Some branch post masters had taken bribes to open post office accounts — which were supposed to be mandatory and free — to pay wages. Kondair was among the 17 gram panchayats (out of 22) where NREG funds had been misused. The district collector dismissed all field assistants in 12 GPs and warned the rest, and ordered that the money be recovered from the culprits.²⁵ The total expenditure in NREG projects till November 2007 was Rs 18483378, of which 88% was spent on wages and 16% on materials. A quarter (about Rs 4779069) of the total expenditure was misused, of which only 17% (Rs 841143) was

²⁴ Interview with the Block Development Officer and MPTC member.

²⁵ Typically, unless there is clear documentary proof of malfeasance, the government merely issues a verbal warning to the implementing officials during the social audit assembly.

recovered as of the year of our survey.²⁶ In seven gram panchayats, Rs 61164 was misused by Branch Post Masters, of which only Rs 6500 was recovered. In the follow up social audit in 2007, the team found that money had been recovered from a few Field Assistants.

A similar scenario occurred in Regulagudem village where the main culprits were village officials who had stolen funds.²⁷ In Savara village, the beneficiaries said that the first social audit in 2007 revealed rampant corruption because there was no monitoring of the program. 'Corruption existed in every step of enrolment and issuing of job cards. Muster rolls entries were fudged and they were not paid on weekly basis. It was paid through Post Office after a gap of 21 days'.²⁸

More recent social audits in these villages, however, did not reveal serious problems. In Regulagudem and Savara, 26% and 39% of the NREG participants respectively were acutely poor, and even here, when we asked a cross section of villagers in separately about the social audit, we received similar replies. All said that the initial set of social audits had uncovered discrepancies, but after that, there were fewer problems with the NREG. A cross section of stakeholders including worksite beneficiaries was aware of the audit and its findings. In Kondapuram village (with about 83% non-poor), for instance, the NREG beneficiaries at the worksite said that after the first social audit, wages were being paid on time. 'We faced severe problems during the first year of this program. Our wages were paid two months late, the work was not measured properly. To overcome these problems, the officials conducted a social audit and we expressed our problems to the concerned officials. They have taken follow action. Because of that only we minimised our problems.'²⁹ A political leader (Telugu Desam party) in the village confirmed that the social audit had increased the awareness of villagers about the NREG.³⁰

Thus, in AP, the social audits, which were conducted by a team primarily comprising district resource persons and village social auditors, exposed the misuses of the NREG in the initial years, increased awareness about the NREG, but the follow up action in retrieving the

²⁶ Rs 60 lakhs was recovered statewide, according to Akella K. and S. Kidambi, 'Social Audits in AP: A process in evolution,' *Economic and Political Weekly*, November 2007.

²⁷ The BDO, junior engineer, assistant project officer and congress party leader said that the audit had uncovered the fact that Rs 15,400 had been misused and Rs 2000 was recovered from the field assistant. The team ordered that the remaining amount be recovered from the FA and the Branch Post Master, and that a review be conducted every month on the follow-up actions identified in the program.

²⁸ The MPTC member (Savara) said that the MPDO recovered the money from the Branch Post Office/Master had collected Rs 400 from each job card holder to open their account. In another instance, 33 members were paid wages when 37 members attended the minor irrigation tank work. The Field Assistant, who had pocketed the balance, was reprimanded and asked to pay the rest.

²⁹ Focus group discussion with five beneficiaries.

³⁰ The link between social audits and increased awareness of AP beneficiaries about the NREG was corroborated by a World Bank study in 2007.

funds from the culprits was more problematic. The weak enforcement, as we shall see in a subsequent section, is directly linked to fact that the hierarchical relationship between the auditors and the officials is feeble at best, and the difficulty associated with uncovering evidence of malpractice.

Rajasthan

Social audits were conducted in the 25 villages in our sample, and 18 villages had experienced two social audits. Of the eight villages chosen for the intensive qualitative analysis, close to half the population in Kota, Dharkada, Garda, and Dhundiya were poor (Tables 1,2&3), and a significant percentage were acutely poor (Table 2).

Typically, the social audits were held by the Panchayat Raj department.³¹ Unlike AP, NGOs were not part of the audit process except in two blocks (Manohar Thana and Bhilwara). The audits were conducted by the sarpanch (elected village chief) in gram sabha meetings where the agenda included an assessment of the work, bill vouchers, material vouchers, muster rolls, evaluation report, wage days, wage distribution, the quality of material, the individual benefit scheme, its work and procedure of selection.³² The reports were read out at the meeting.

The auditors commonly heard the following complaints: delay in wage payment, paucity/irregular duration of work and inability to get employment for 100 days, favoritism shown to those close to powerful elites, selection of ineligible persons in the individual beneficiary scheme, and late measurement of work by the junior engineer. The team would listen to the suggestions and complaints made by villagers, instruct the sarpanch and the secretary to resolve the issues and receive assurances from the latter that they would do better the next time.

Dhundiya village in Udaipur is a typical example of how social audits were conducted in Rajasthan. Since 2006, two social audits were conducted in the village by the Panchayati Raj Department, which notified the village authorities two weeks in advance. The team comprised the Sarpanch, Secretary (Gram Sevak), Block Nodal officer, District level Nodal officer, junior engineer, assistant engineer, and Panchayat committee members. At the village assembly meeting on the designated day, the team inspected the following: NREG worksites,

³¹ The team generally comprised NREGA officials/field assistant, panchayati committee members, panchayat secretary, Sarpanch, ward Panch, Ex. Sarpanch, a Nodal officer from the Panchayati Raj department at the block level and one from the district level, and junior engineer. The panchayati raj department has now instituted the order in late 2009 that a social audit would be conducted every six months.

³² The sarpanch (village chief), upsarpanch (deputy chief), and some elected positions (panch) within the panchayat (village council) are at the local level of government. Elections to these positions are held every five years, and the sarpanch and the deputy sarpanch are elected on a non-party basis.

muster rolls, wage distribution, quality of material used in construction, purchase and tender reports, individual beneficiary work record, and measurement reports. Of the authorised amount of INR 8675286, the total expenses were Rs 8131494. 60% was spent on wages, and 40% on material.³³ The social audit team did not find any irregularities in the conduct of the scheme. There were no complaints at the meeting.

Unlike AP, where worksite beneficiaries, village elites and political workers knew about the social audit, in Rajasthan there was a marked difference between the responses of the worksite beneficiaries and elected women leaders (who were unaware of the audit) on the one hand, and the individual beneficiary, and the elected and appointed officials (who were aware of the audit). Also, unlike AP, NGOs did not participate in auditing the sample villages (except in Manohar Thana). In the two audits with NGO participants, the auditors were attacked by groups of sarpanches, panchayat committee members and panchayat secretaries in 2008 after they discovered instances of irregularities.³⁴ In November 2009, responding to public interest litigation (PILs) from sixteen sarpanches, a division bench of the Rajasthan High Court stayed NREG social audits in sixteen villages. These conflicts resulted in an informal ban on using NGOs in the audit process in Jhalawar and Bhilwara districts.³⁵

Madhya Pradesh

The social audit team had an even stronger official flavour in MP. Social audits were arranged by the Rural Development and Panchayati Raj Department. Officers of the departments of education, agriculture, revenue, rural development, along with engineers, sarpanch, secretary, and villagers from the gram panchayat conducted the social audit. Like Rajasthan and unlike AP, no NGOs were involved in the audits conducted in the sample villages (but they participated in a few other villages). Between 2006–09, of the 25 villages, 8 villages had 3 audits, 16 had two audits and one had one audit.

The audit process was similar to that of Rajasthan. The social audit reports from four villages did not contain complaints from the beneficiaries, but as we shall see later, the absence of complaints in a social audit report is a function of the poor attendance in the gram

³³ AP has a wages and materials ratio of 80:20, while MP and Rajasthan have opted for a 60:40 ratio.

³⁴ The instances included: use of poor quality material, forgery in muster rolls, false job card, false reports, forgery in material purchasing vouchers, taking a bribe in selecting individual beneficiaries, not giving full wages, over-reporting wage days, and giving tenders to fictitious entities. The case against the village officials was registered in the Manohar Thana police station.

³⁵ Conversation with panchayat secretaries of the two blocks. In December, 2009, an agitation was launched by the NGOs in Rajasthan led by an umbrella organization Suchna Evam Rozgar Adhikar Abhiyan, while one of the founders of the social audit, Aruna Roy shot off a letter to the Chief Minister questioning the motives of the government.

sabha, and the low level of awareness of such audits among the beneficiaries. In the remaining villages, the complaints dealt with low wages and low number of days of employment. In Jharaha, the villagers complained that they were not getting the hundred days of work and that the banks where they had accounts were too far from the village. The sarpanch and the secretary did not respond to these issues. In Gedra, the villagers complained that the secretary was ‘a rogue’ and that he took bribes for selecting individual beneficiaries. The audit team found forgeries and discrepancies and the beneficiaries wanted them to suspend the secretary. However a cross section of the villagers were resigned to the fact that there was little likelihood of legal action since the secretary was related to a political leader. In Semalpada, in the 2007 audit, the beneficiaries complained that the sarpanch was biased in giving employment in the NREG and that the delay by the engineer in measuring the work often resulted in late payment of wages. The village officials did not respond to these complaints. In 2008–9, having found many irregularities such as late and partial distribution of wages and incomplete records, the audit team merely scolded the village officials and warned them not to repeat the offences. But in the absence of a written record of follow-up remedial actions, it is unlikely that the implementers heeded the reprimand.³⁶ In Bori Sarai, the Sarpanch assured the beneficiaries that he would apply for more projects and ensure that they got 100 days of work.

In MP too, interviews in the selected villages revealed that the elites were aware of the social audits while the non-elites (worksite beneficiaries) and women (including the panchayat committee member and the woman health worker) had not heard of it. The social audits in MP and Rajasthan reveal a pattern where the auditors focused on the books and accounts of the village functionaries while ignoring the ‘social’ aspect.

V. The Woes of Social Auditors

Several assumptions/requirements exist in the studies on accountability and social audits:

- a) For the social audit to work, all stakeholders (beneficiaries, officials, elected representatives, civil society organizations) need to know and participate in the social audit meetings.

³⁶ In Ghodiyadara and Barbaspur the beneficiaries made similar charges about the secretary and the sarpanch giving fewer days of work and paying wages late. They were assured that things would be rectified.

- b) That such dissemination of the findings of the social audit in these meetings and during the process will educate the citizens (beneficiaries and others) on the obligations of the officials and enable them to monitor follow up actions and future compliance on the part of these officials.
- c) That a public audit would ensure that officials (either on their own or compelled by elected representatives) would take follow up actions.³⁷

Let us examine the household survey and the qualitative interviews to assess these three requirements were met.

a) Access to information

Since social audits were read out at public meetings (gram sabha) in a village, let us assess the profile of participants in these meetings. In the household survey, we asked the respondents whether they had attended a public meeting in the previous year (i.e. in 2007 in AP and Rajasthan, and 2008 in Madhya Pradesh).³⁸

The household survey in Rajasthan reveals that 63% of participants and non-participants, and over half the NREG participants (60%) did not attend a public meeting the previous year. OBCs (34%) and STs (30%) attended in larger numbers than SCs (22%) and other castes (13%).³⁹ Almost 80% said that they were not aware of a social audit. A higher percentage (35%) of SCs and Other castes were aware of the social audit than not aware, while over 80% of STs and OBCs professed ignorance of the concept. 66% those who were aware of the audit were poor and 63% were female. Only a quarter of the respondents said that they were able to express their views freely in the social audit assembly.⁴⁰ Some 26% said that redressal was obtained, and 40% said that corrective actions were taken.

The household survey in Madhya Pradesh reveals that 62% did not attend a public meeting the previous year. Of these (those who didn't attend), NREG participants comprised 60%, SC (17%), ST (36%), OBC (41 %) and other castes (6%).⁴¹ SCs and Other castes

³⁷ Rubin (2007) argues that the purpose of elections is to choose a successor, to produce a government responsive to people's desires, and lastly (in a more subsidiary way) hold the representative accountable.

³⁸ See Shankar, Shylashri, Raghav Gaiha & Raghendra Jha (2010), 'Information and Corruption — The National Rural Employment Guarantee Scheme in India,' *ASARC Working Paper Series*. The authors test the relationship between the access to information and leakages of funds (to beneficiaries and public officials) in AP, Rajasthan and Maharashtra, and assess the ways in which information helps or hinders the effective functioning of the NREG program.

³⁹ The relatively higher ST attendance as compared to SCs in these meetings could be because STs live in isolated and separate hamlets and have separate gram sabhas.

⁴⁰ 45 out of 500 persons were aware of a social audit in Rajasthan.

⁴¹ 17% were female respondents, and out of these 68% didn't attend whereas out of 83% male respondents, 61% didn't attend.

attended in larger numbers. Only 6% were aware of a social audit, and of these over half were ST. Of these, 73% attended the social audit meeting,⁴² and half said that they were able to express their views freely. Women were usually unaware of a social audit and rarely attended public meetings.⁴³

In AP, on the other hand, 77% had attended a public meeting the previous year. Of these, half were OBCs, 27% were SC, 10% were ST and 14% were other castes. Over 75% of NREG participants had attended a public meeting in contrast to the figures (around 40%) for the other two states. Their profile matched that of the attendees of public meetings, that is they tended to be male (93%), non-poor (76%) and OBC (51%). Fewer SCs (26%), Others (13%) and STs (9%) tended to participate in these meetings. Unlike the other two states, in AP more people (63%) were aware that a social audit had been conducted in the NREG. Over half of all caste groups had heard of the social audit indicating a higher level of awareness in AP across the social groups.⁴⁴ Over 95% said that they were able to express their views freely in the social audit assembly. 30% said that the complaints were recorded, 24% said that corrective actions were taken, 35% said that some redressal was obtained. Only 8% thought that nothing had happened after the audit. The villagers in AP thus had a more positive perception of the efficacy of a social audit than those in Rajasthan (where 17%) and in MP (23%) who said that nothing happened afterwards.⁴⁵

The pattern emerging from the household surveys in Rajasthan and MP is that only key persons in the village such as the Sarpanch and the secretary, whose participation was mandatory in the audit knew of it, thus belying the first assumption/requirement. For instance, in Dhundiya village (Rajasthan) the qualitative village survey revealed that the deputy sarpanch, the village teacher, member of the village development committee, worksite supervisor, village political worker (Congress), OBC caste leader and worksite beneficiaries (ten in a focus group) did not know about a social audit. In Garda village in Jhalawar, two social audit assemblies had taken place where the junior engineer and the NREG project officials read out the accounts. Those unaware of the audit included the village health

⁴² 36 out of 540 respondents were aware of a social audit.

⁴³ 98% of the women said that they did not attend a public meeting the previous year. Only 2% were aware of a social audit, and of these half had attended the assembly, but all said that they did not feel comfortable expressing their views.

⁴⁴ Of those who were aware of a social audit, OBCs comprised 50% followed by SC (34%), ST (11%) and Others (5%). In response to the question of who conducted the audit, 28% opted for the state vigilance commission or a district resource person, 23% said that the state government officer did so, 17% opted for a village member, and only 2% said that NGOs had been involved.

⁴⁵ The percentage in MP is based on 25 workers who attended the meeting. Of these 57% did not know the outcome of the meeting, 27% said nothing happened afterwards, and only 13% said that promises were fulfilled.

worker, the former sarpanch, and the worksite beneficiaries (five in a focus group discussion).⁴⁶ Similarly, in MP (Karpfara village), those unaware of the audit included the female member of the panchayat committee, patwari, woman health worker, ration shop owner, congress party village worker, individual beneficiary, and worksite beneficiaries.⁴⁷

Typically, those who did not know about the social audit were also among those who did not attend the gram sabha meetings. So the fundamental requirement for a successful social audit — that people must attend all social audit gram sabhas and remain vigilant about the specifics of the schemes — was not followed in the sample villages in Rajasthan and MP.

In AP, on the other hand, the first requirement was fulfilled since the beneficiaries attended gram sabha meetings in larger numbers. This is corroborated by interviews with the worksite beneficiaries who were aware of the social audit and its findings and said that 90% of the village attended the NREG gram sabha.

b) Monitoring Potential of citizens

The second requirement of a social audit — that dissemination of findings during the audit will educate citizens on the obligations of the officials and enable them to monitor — too is not borne out by the empirical evidence in Rajasthan and MP. In both states, the teams excluded NGOs and the process ignored the social mobilization aspect. Those who participated in the meetings did not feel secure enough to express their views freely since the officials conducting the meetings (e.g. Sarpanch) were the ones who were also being audited. SCs and STs were less able to express their views as compared to upper castes and OBCs.⁴⁸ In AP, on the other hand, the teams included NGOs, and the process involved an element of mobilizing the community. This resulted in higher awareness of the program and the entitlements among beneficiaries who also said that they did not feel constrained in expressing their views.

While respondents in all states knew that safe drinking water and first aid had to be provided on the worksite, AP NREG respondents performed better than the other two states in their awareness of the other facilities that were supposed to be provided. 96% knew that children had to be provided with shade (as compared to 21% in Rajasthan and 29% in MP),

⁴⁶ The deputy sarpanch, village development council member, the supervisor at the worksite, ration shop owner, BJP and Congress party workers, Mahila mandal representative, moneylender, and the block level officials were aware of the audit.

⁴⁷ The block level officers, the sarpanch, village secretary, the OBC caste leader, village rural development committee member, and the supervisor at worksite said that the social audit was conducted by nodal officers nominated by the rural development department.

⁴⁸ In Rajasthan, 60% of the respondent-beneficiaries did not attend the social audit village meeting. Of the 40% who attended these meetings, 75% (more women than men) said that they were unable to express their views freely during the audit.

and 68% knew that a creche minder had to be engaged (5% in Rajasthan, and 12% in MP). Fewer people in the three states knew that they were eligible for mandatory unemployment allowances if work was not assigned within a fortnight of submitting a demand for work (34% in AP, 9% in Rajasthan and 17% in MP). They were also less aware of their entitlement to 10% additional wages if employment was provided beyond five kilometers from their residence (17% in AP, 7% in Rajasthan, and 14% in MP). The NREG beneficiaries in MP seemed to be more aware of their entitlements than in Rajasthan.

Olken(2007) found in Indonesia that government audits had a higher impact on reducing corruption than grassroots participation in monitoring.⁴⁹ The latter reduced missing expenditures only where there was limited free-rider problem and limited elite capture. In our case, grassroots participation in the social audits in AP seems to have increased awareness among villagers and contributed to increasing the monitoring of the program, at least of the wage component (tackled in the next section), but in Rajasthan and MP, elite capture seems to have occurred. We will discuss the reasons in the next section.

c) Follow Up Actions

The third requirement — that the public nature of the audits and the involvement of government and community in the audit team will lead to enforcement of sanctions — too did not occur in all three states. Since the auditors included government and elected officials who were also responsible for implementing the NREG, the process, particularly in MP and Rajasthan was a self-auditing exercise rather than an external one. Olken (2007: 204) found in Indonesia that the government auditor's findings were procedural in nature and did not dig up evidence that could prove criminal malfeasance. The social audit reports in all three states revealed that the books were maintained properly after the first audit, and the wage-material ratio was followed to the last rupee in every village in the sample.⁵⁰ In Rajasthan, for instance, fewer discrepancies emerged in the audit process since the village officials had adopted more careful accounting practices because they knew about the upcoming audit. In the second social audit in 2008–09 in Dhundiya, no mistakes were found, but at the social audit gram sabha meeting several persons complained about the late payment of wages.⁵¹ The audit team asked the sarpanch and the secretary to explain the reasons for the delay. The

⁴⁹ Benjamin Olken (2007), 'Monitoring Corruption: Evidence from a Field Experiment in Indonesia', *Journal of Political Economy*, 115(2): 200–49, April.

⁵⁰ The audit report contained the list of projects, disbursed amounts and the proportion paid towards wages and materials.

⁵¹ In Dhundiya, Rs 6954284.00 was authorized, of which Rs 6679725.00 was spent: Rs 3969452.00 on wages and Rs 2710273.00 on material.

sarpanch replied that the delay was because the funds had not been credited to the village account by the state government and showed a letter he had written to the official in charge on the matter. The social audit report of July 2007 from Jhalawar found no delays in payment or any other irregularity, even from Manohar Thana, the site of the pitched battles between an audit team and the village elected officials.⁵²

Public and Private Stakes

What explains the villagers' indifference to monitoring the NREG? Olsen's (2007) randomized experiment in 600 village road projects in Indonesia revealed that increasing grass roots participation decreased thefts of wages but this was offset by the theft of materials (calculated from the reported expenditure and independent estimates). This suggests that social audits could be more effective in reducing thefts when villagers have a private stake in the outcome but less so when the supply of public goods is involved (Bardhan and Mookherjee 2005). If it is true that beneficiaries will focus on things like wages (where they have a private stake), they are more likely to monitor the performance of public officials on the wage component of the NREG. The data from the village level analysis confirms this proposition. AP seems to have lower levels of leakage at least in the wages component, as compared to Rajasthan and Madhya Pradesh,⁵³ and in all three states, the pilferage is higher in the materials component.⁵⁴ A cross-section of villagers in Kondair village (AP) reported that after the first social audit in December 2007 involving four village social auditors from the neighbouring villages revealed discrepancies in wage payments by the implementers (field assistants, supervisors, Branch Postmaster), the works in the village were 'being conducted appropriately and there were no misuses'.⁵⁵

One way to assess what beneficiaries monitor is to view the complaints of the beneficiaries. In the household survey, we asked the beneficiaries if they had any complaints about the NREG. Late payment of wages and low wages were among the main complaints in

⁵² http://nrega.nic.in/circular/so_audit_Jhalawar.pdf

⁵³ However, a dissenting view was expressed by the former MPP (Congress party) in Mechurajupalli who said that the findings of the social audit in that village about large scale misuses 'remain in the books' and 'no actions have been taken'. He also complained that the officials had not informed the public in the village about the social audit nor had they given prior notice on the exercise. But the interviews with individual beneficiaries, worksite beneficiaries, sarpanch, caste leader etc contradicted his contention because they were aware of the audit and its findings

⁵⁴ This could reflect the fact that differences in non-payment of wages and pilferage of material may result from different processes and risks of detection. Moreover, pilferage of materials is much harder to establish systematically because a number of NREG projects were temporary in nature (machines were banned in the scheme). It is harder to check the quality of materials used in a bund than in a road. However, NGO social audits and newspapers have reported many instances of graft in procurement of materials.

⁵⁵ Focus group discussion with worksite beneficiaries in Kondair village in November 2008.

the official social audit reports in the three states. Almost no one brought up the issue of poor construction or the poor quality of materials. In AP, 22% said that the duration of work was short, and 8% said that they got lower wages.⁵⁶ In Rajasthan, 26% said that the duration of work was short, but 40% complained of lower wages, while in MP, the figures were 60% and 34% respectively.⁵⁷ However 97% in Rajasthan and 78% in MP had not complained to anybody about these issues.⁵⁸ Only a third had gotten some redressal of their complaints, as compared to 71% in AP.

About 84% in Rajasthan were paid between Rs 50–75 and 12% got between Rs 25–50, as compared to 86% in AP who got Rs 75–100 (over 72% were non-poor), and 12% got between Rs 50–75. In MP, the beneficiaries were paid more than in Rajasthan: half got between Rs 76–100, and the rest between Rs 50–75.⁵⁹ However, MP beneficiaries were prey to irregular payments: only 11% got weekly wages, 23% fortnightly, 9% monthly, and over half the beneficiaries got wages when it was available. In Rajasthan, 45% were paid monthly, and 30% got wages fortnightly, while AP again performed best; 70% were paid weekly, and 20% fortnightly.

Interviews with the worksite beneficiaries in AP reveal a link between participation in social audit assemblies and awareness of their entitlements. In AP, 69% thought that NREG had no problems compared to 31% in Rajasthan. Interviews with beneficiaries and a cross section of villagers in some of our sample villages (such as Semalpada, MP) revealed instances where officials demanded a commission from individual and worksite beneficiaries in the NREG. But it still does not explain why officials in AP were more efficient in paying beneficiaries than Rajasthan and MP.

This brings us to the question of what motivates accountability in an official. Psychological studies show that accountability can improve decision-making by reducing some of the heuristic biases on which decision makers frequently rely; but for this effect to occur the decision-maker must be aware that he will be held accountable before he decides,

⁵⁶ However most of them (73%) did not complain to anyone about these issues. Even when they complained, the SC/ST/OBC castes tended to first approach the supervisor/mate, while the upper caste complained to the supervisor, sarpanch or pradhan.

⁵⁷ 12% complained of delay in the registration process in MP.

⁵⁸ Among those who complained in Rajasthan, SCs tended to approach the supervisor only, STs aired the issue with the panchayat only, OBCs were likely to see either the sarpanch or the supervisor or the panchayat or all three. In MP, SCs and STs tended to see the supervisor, STs also approached the sarpanch, as did the OBCs.

⁵⁹ In Rajasthan, only about half the respondents were aware of the statutory minimum wage rate for agricultural workers and in MP only 14% were aware as compared to 88% in AP. In Rajasthan and MP, 60% thought that the statutory wage rate for NREG was Rs 50–75 and Rs 91 respectively. Of the 37% who were aware of the NREG wage rate, 46% said that the NREG wage was Rs 100 per day, 31% thought it was between Rs 75–100, and 19% said it was between Rs 50–75.

and he must accept the legitimacy of the person imposing the standard.⁶⁰ To paraphrase Jean Tirole (1994), what auditors can potentially do is likely to be constrained by lack of clear goals for each official, and overlapping and multiple functions that implementing agencies are saddled with. For instance, the piece rate system of wage payment in the NREG has introduced ambiguities in the amounts paid to a beneficiary.⁶¹ But in general, the program has clearly defined tasks for officials who also have lower levels of discretionary authority — beneficiaries are paid directly through their bank or post office accounts, and all are eligible to participate in an NREG project.⁶²

Our empirical evidence indicates that even where social audits revealed discrepancies (e.g. the first round in AP), the enforcement was minimal. This shows that Rubin (2007) is right that the willingness to enforce is a function of internal standards involving actions and sanctions set by superiors (principals) on their juniors (agents). The compulsion to enforce occurs within the hierarchy, either from a politician (like the Chief Minister in AP) overseeing the bureaucrat, or from the field official's immediate superior. The mobilization of the community by the social auditors can provide the impetus, as illustrated by the jan sunwai experience, but the process of accountability requires a direct hierarchical relationship between the enforcer and the culprit. Social audits in modern democracies conducted solely by non-governmental entities thus run into the problem of 'legitimate authority' (Goetz and Jenkins 2007:84).⁶³

VII. Enforcing Accountability

The Jan Sunwai experience⁶⁴

In a social audit, a proper evaluation is supposed to involve an initial mobilization of the beneficiaries who would then feel secure to point out inadequacies, which would then be situated by the audit team in the person of a functionary who would then be penalized. But the mechanism through which substantive results are gained is through the social

⁶⁰ Mark Seidenfield, 'Cognitive Loafing, Social Conformity, and Judicial Review of Agency Rulemaking', 87 *Cornell Law Review*, 486 (2002) cited in Rubin (2005: 2121).

⁶¹ The three states in our sample use a mix of time rate and piece rate to calculate the wages.

⁶² Some discretion is prevalent in an individual beneficiary scheme where the village leader or the block level officer can choose among eligible beneficiaries. In the worksite interviews in MP, we heard several such complaints of bias.

⁶³ Anne Marie Goetz and Rob Jenkins (2007), 'Citizen Activism and Public Accountability: Lessons from Case Studies in India', in Alnoor Ebrahim and Edward Weisband (eds), *Global Accountabilities: Participation, Pluralism and Public Ethics*, Cambridge: Cambridge University Press.

⁶⁴ This section draws on Prashant Sharma, 'The Right to Information and Social Audits', and Shylashri Shankar, 'Creating Systemic Change: The Right to Information and Social Audits in India', (unpublished papers).

mobilization of the village to speak as a community rather than as individuals. In the original form pioneered by the MKSS in Rajasthan, through public hearings (Jan Sunvais), Between December 1994 and January 1995, four *jan sunvais* were organised in Pali, Rajsamand, Ajmer and Bhilwara districts. The methodology was fine tuned even as the backlash began to gain momentum. The methodology entailed the following: MKSS activists, supporters and people from the area would petition the local government official (typically the BDO) to issue an order giving them the right to inspect (and in some cases, get copies of) government records dealing with development works in a particular area. These records would be read out at a *jan sunwai*, after which the statements of people who testified against what the documents said would be recorded, and an FIR would be lodged as per the findings of the process. Typically, such meetings would be presided over by someone who was a well-known and disinterested party. The meetings would be reported in the regional and national media through the personal networks of the MKSS activists.⁶⁵

Why were these Jan Sunvais successful?

Why were these public hearings successful in fixing accountability? Normally, it is hard to get a villager, especially a woman, to complain against village leaders or lower level functionaries since he would risk reprisal. Yet women were among the 500 to 800 attendees, with generally half of these being women.

The answer is more elusive and involved a mix of factors. First, the modus operandi of the hearings involved the collective verification of the testimonies by all the residents of that village. So it was not one person accusing another, but a collective accusing the culprit. The MKSS selected only those villages where it had identified residents who were interested in speaking out and supporting one another during the process. The preparatory work to hold a *jan sunwai* involved accessing government records, and then going around the area verifying what was in the records, whether in terms of physical infrastructure, or in terms of

⁶⁵ The opponents of the social audit were village level petty bureaucrat whose venality was being exposed. They organized and used the same tools as the MKSS. For instance, when the MKSS attempted to access government records of developmental activities in Ajmer for the fourth *jan sunwai* (7 January 1995), the Gram Sewaks of the area in question refused to comply with the government's orders, and sent a delegation to the Collector asking for an exemption, and also conducted a dharna at the Collector's office on 2 December 1994. The Gram Sewaks of the area also mobilised the Gram Sewak Sangh (their umbrella association) and made a representation to the Development Commissioner of Rajasthan against making government records public. Their pleas successfully blocked access to government records prior to the *Jawaja jan sunwai*. Yet the public hearing was held as scheduled, where people came forward and gave testimonies about their participation in and experience of various development projects in their area. For example, testimonies included accusations against a Gram Sewak for taking a percentage of the grants meant to be distributed for poor people's housing under the Indira Awas Yojana.

wages of people. This process of verification, public as it was, also initiated the people's interest in the process, and often meant that many would come to the jan sunwai upon learning that the records did not match reality. Video recordings were meticulously made of each of the proceedings to ensure that no charges of misrepresentation could be leveled at a later stage, nor could people deny what they had said.

Second, prior to the jan sunvai, the MKSS established extensive links with people in these villages who would need to be involved in the collection, verification and sharing of information, as well as the identification of the issues involved and motivating people to attend the hearing.

Third, a key but hidden undercurrent of the process was the perception on the part of the participants that the hearing was attended by powerful persons (e.g. retired judges and bureaucrats, ministers, senior state level bureaucrats and the local level bureaucrats) and this made them believe that the MKSS was a powerful organization who would be able to redress their grievances.

Fourth, the methodology ensured that there were significant rural-urban linkages made through the process. The rural middle class, although less impacted by government poverty alleviation programmes, came to be involved as several of the works related to the development of infrastructure, such as construction of anicuts and village buildings for common use, were being hampered by the pilferage of funds. The involvement urban intelligentsia in the hearing process, where representatives of that class such as lawyers and writers, would be present was a part of this strategy. In addition, the public hearings were interspersed with meetings in the urban centres of Jaipur and Udaipur with citizens groups and NGOs, where these experiences were shared and recounted. Media reportage ensured that the findings reached a wider, urban audience. Needless to say, the issue of corruption and accountability in administration struck a chord with urban middle classes represented both by the media as well as the intelligentsia, and support to these processes was more than forthcoming.

The Jan Sunvais used the mobilizational element to strengthen the weak hierarchical links with the officials. However, even this was not enough to ensure that all the culprits were punished, but the process seems to have acted as a deterrent to corruption, at least in the short term.

VIII. Conclusion

Barbara Ramgate and Melvin Dubnick (1987) create distinctions based on the source of control and degree of control. For instance, profession organizations have low control and the source is internal, while for political representatives, low control is accompanied by an external source of control. Bureaucratic organizations have a high degree of control and the source is internal. Social audits try to combine high internal and external control, but fall between the gaps because the bureaucratic nature of the audit team (which primarily involved officials in Rajasthan and MP), and the process (reading out audit reports in a village meeting where attendance was poor) led to lower awareness of the audit amongst the beneficiaries and more hesitancy on their part to complain about the NREG. This coupled with the absence of societal mobilization diminished the effectiveness of external control in a situation where the books were kept in perfect order by the culprits.

Thus, when participatory audits conducted by team of non-governmental and state entities are integrated into the fabric of official procedures, as in the case of social audits in the NREG, it does not result in enhanced effectiveness of the program. The actual implementation of the social audit in NREG gradually focused more on the audit part rather than the social mobilizational aspect. The shift away from the ‘social’ aspect is inherent in the fact that far from being a warm and fuzzy notion, accountability flows along complex hierarchical pathways that structure modern governments (Rubin 2005). The irony is that social audits cannot contribute to increasing accountability unless they become part of the administrative state. But once they are absorbed into the bureaucratic process, one is faced with the dilemma of ensuring that accountability does not lose its teeth.

Michael Harmon in *Responsibility as Paradox* argues that the demands for more accountability from public officials are doomed to fail because of our inability to regard reform ‘as the intelligent management of contradictory motives and forces that constitute political and organizational life’.⁶⁶ The paradoxical character of responsibility is that it connotes multiple meanings — agency (that people are authors of and personally responsible for their actions), accountability (that people are answerable to higher authority for their actions), and obligation (that moral action is determined by sources external to the agent who

⁶⁶ Michael Harmon (1995) *Responsibility as Paradox: A Critique of Rational Discourse on Government*, Thousand Oaks, CA: Sage Publications, quoted from Nancy C. Roberts, ‘Keeping Public Officials Accountable through Dialogue: Resolving the Accountability Paradox’, *Public Administration Review*, 62(6): 658–69 (Nov-Dec 2002).

sets standards and principles.⁶⁷ The ideal is to keep a creative tension between these three meanings.⁶⁸ The rationalist discourse on government, argues Harmon, presents a one sided perspective on public officials' responsibility because it neglects the idea of agency and public officials' personal responsibility in favour of accountability and obligation. This then leads to pathologies of opportunism, scapegoating etc.

How do we maintain this creative tension for public officials? Mark Bovens in *The Quest for Responsibility* argues that individual accountability is the most promising solution to the problem of ensuring responsibility on the part of officials, but only if the individuals have a chance to behave responsibly.⁶⁹ The violation of the norm, a causal link (between the conduct of the person held to account and the damage done) and blameworthiness are necessary preconditions for accountability, but in hierarchical organizations like the bureaucracy, blameworthiness becomes the Achilles heel (Bovens, p.79). 'The lines to the top are long, much vital information comes too late or is incomplete, and the delimitation of responsibilities — in the sense of tasks — is vague' (p.89). Harmon suggests a process of dialogue between citizens and the officials.⁷⁰

The social audit, which was a novel method to engender responsible behaviour on the part of public officials, was supposed to produce such dialogue, but in reality, it suffered more from the pathologies mentioned above. The secretary of Rajasthan's rural development department, Ram Lubhaya said that the social audit of 90 panchayats had been conducted in 2007-8, but only a few discrepancies were found. 'On the other hand, when social audit is conducted by NGOs, large scale discrepancies were found'.⁷¹ But even when irregularities were discovered, the follow up was abysmal. Social activist Aruna Roy has criticized the government's move to allow procurement of materials for NREG work from unregistered trading companies. A few months ago, during a social audit, it was found that a person running a cycle puncture shop had been given an order for material worth crores. 'It is

⁶⁷ Harmon's argument in Roberts, p.659

⁶⁸ Jean Tirole (1994) argues that the control of economic agents such as public enterprises may be best performed by creating multiple principles with dissonant objectives.

⁶⁹ Mark Bovens (1998) *The Quest for Responsibility: Accountability and Citizenship in Complex Organizations*, Cambridge: Cambridge University Press. Bovens investigates the 'problem of many hands' in complex organizations where it is difficult to determine among many different functionaries who is responsible for the organization's conduct in the last instance (p.4).

⁷⁰ See Roberts (2002) who assesses the costs and benefits of using dialogue in the case of public education in Minnesota.

⁷¹ Narayan Bareth (2008), 'Audit of Job Scheme is Opposed', *The Asian Age*, 13 October 2008.

unfortunate that despite having brought about 1,000 cases of irregularities and corruption before the Government, no action was taken against them', Roy pointed out.⁷²

For social audits to become effective mechanisms of accountability, that is they produce substantive rather than simply procedural compliance, one needs to design standards that create direct hierarchical relationships between the auditors and the bureaucracy, and make the social mobilizational aspect a lynchpin of the process. New procedures need to be created that incorporate the mobilizational and non-adversarial aspects, such as by mandating a quorum of 80% of the village in a social audit Gram Sabha, and ensuring a mandatory *jan sunwai* style mobilization before the audit.⁷³ This coupled with finding the right ratio between wages and material (as seen in the AP experience) is another way to decrease the leakages, at least in the wages component. Otherwise, the gap between knowing about the conclusions of a social audit and ensuring that the state officials take actions to correct the inadequacies will become larger.

⁷² Lokpal Sethi, 'Rajasthan NGOs Protest Stay on NREG Audit,' *The Pioneer*, December 17, 2009

⁷³ The Bhilwara social audit by the MKSS was done in a mobilizational *jan sunwai* style, but our opening story about Kishen Singh's death by starvation shows that these procedures have to be followed in all gram panchayats.