



An Empirical Analysis and Implications of Social Audit in MGNREGS with Special Reference to Andhra Pradesh

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ABSTRACT

In the present conditions of economic slowdown in the country, raising aggregate demand is a major task for the government. In this circumstance, fiscal policy that provides more wage income directly to unskilled workers and in rural areas is likely to be much more effective in increasing aggregate incomes than other forms of public spending, because of the high value of the multiplier in such expenditure. So this 'inclusive' form of public spending is not only desirable from social or welfare perspective, it is justified on economic grounds also. As Chandrasekar and Ghosh said, "MGNREGS is about more than equity, it is also a macroeconomic weapon against slump". This novel Act (NREGA) has been hailed as a landmark initiative to alleviate poverty and generate productive wage employment. This project has a formidable impact on rural India by providing employment to 50 million households cumulatively as on 18th August 2013. Also, it has strengthened the social and gender equality dimensions as 2.81 crore (19.24%) workers under the scheme are Scheduled Castes, 3.31 crore (22.68%) Scheduled Tribes and 6.58 crore (45.01%) are women. The MNREGA started with an outlay of Rs 11300 crore during the year 2006-07 but the funding has been increased considerably afterwards and reached to 30,000 crore for the financial year 2010-11. Regarding the employment a total of 179, 43,189 families in the country have been provided employment under MGNREGS. Farmers' organizations have come out with a sensible suggestion that the mandatory 100 days employment in a year should be provided only during agriculturally lean seasons.

Regarding to the social audit in the scheme, the concept of integrated social audit does not merely extend horizontally in the sense of extending to peripheral events which impinge on the social welfare activity under evaluation. In the present study it was found that 80% were opined social audit was a powerful tool to resolve grievances and problems with the government. 90% of the beneficiaries said that they felt more powerful and also able to influence government officials after social audit. 62% have opined that awareness about MGNREGS has increased after initiation of social audit. Hence the researcher inferred the MGNREGS is not just about guaranteeing employment but also good governance.

KEYWORDS : MGNREGS, Social Audit, Guarantee -Employment, Empowerment

Introduction:

Eradication of poverty and unemployment had been the major goals of development planning in our country since its inception (M.L. Dantwala, 1979). The size of employment in any country depends to a great extent on the level of development. Therefore, when a country makes progress and its production expands the employment opportunities grow. But in the recent years in India rural employment has sharply accentuated. Between 1993-94 and 1999-2000 rural employment grew at the annual rate of 0.58 percent while the rate of growth of rural labour force was much higher. In the absence of gainful employment opportunities in rural areas, an increasing number of rural households have faced complete collapse of their incomes. This miserable plight of the rural households has driven an unprecedented number of farmers to commit suicide. Recognizing this humanitarian crisis, the government of the UPA at centre made a commitment in its common minimum programme, that it would immediately enact an Employment Guarantee Act. The draft proposed by the National Advisory Council envisaged legal guarantee to every household in rural areas for 100 days for doing casual manual work. Hence it is the largest and most ambitious social security and public works programme in the world (MGNREGS-Sameeksha, 2012)

Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS):

National rural employment guarantee act is an Indian job guarantee scheme enacted by legislation on August 25, 2005. But it was renamed on 2 October 2009 as MGNREG Act. Dr. Jean Dreze (1989), a Belgian born economist, at the Delhi School of Economics has been a major influence on this project. The scheme provides a legal guarantee for 100 days of employment in every financial year to adult members of any rural household willing to do public work-related unskilled manual work at the statutory minimum wage of Rs 100 per day in 2009 prices. The central government outlay for scheme is Rs 40,000 crore in financial year 2010-11.

This novel Act (NREGA) has been hailed as a landmark initiative to alleviate poverty and generate productive wage employment. This act was introduced with an aim of improving the purchasing power of the rural people, primarily semi or unskilled work to people living in rural India. Given its historic features, it is a pity that the rollout of the

programme in many states has been less than satisfactory, and leakage of funds has become rampant. More worryingly, it has begun to have an adverse impact on rural labour markets and the wage structure. Mindful of the impact of NREGA on farm wages, the Union rural development ministry had specified a cap of Rs 100 per day.

Previous Studies:

MGNREGA has emerged as a very powerful tool for addressing gender issues and has very positive impact on women empowerment (Sanjeeb Kumar Jena, 2012). Nidhi Vij (2011) in his paper 'Collaborative Governance: Analysing Social Audit in MGNREGA in India' has opined social audits are unique collaborative governance mechanism which are not only participatory programme evaluation exercise but also lead to empowerment of the poor. It is also found that the MGNREGA is a platform for "raise their voice for rights". Abhishek Thakur (2011) has emphasized the impact of MGNREGA on workers' wages and work relations. Shylashri Shanker (2010) in his paper "Can Social Audit Count" documented the conceptual and operational problems associated with the social audit. Yamini Aiyer & Salimah Samji (2009) in their working paper entitled "Transparency and Accountability in MGNREGA- A case study of Andhra Pradesh" have discussed the Andhra Pradesh experience of institutionalizing social audits into the implementation of the MGNREGA and uses it to analyze the social audit process. K.S. Gopal (2009) has analyzed and emphasized that the social audit promises transparency, Empowerment and Good Governance. M. Shah (2007) in his paper "Employment Guarantee, Civil Society and Indian Democracy" has witnessed social audit as a new self-critical policies of fortitude, balance and restraint.

Objectives of the Paper:

In the present paper entitled, "Empirical Analysis and Implications of Social Audit in MGNREGS with reference to Andhra Pradesh", an attempt has made to analyze the basic objectives like nature, scope and provisions of the **MGNREGS**. But the specific objectives of the study are as follows:

- To examine the salient features and provisions of the MGNREGS.
- To provide information pertaining to the nature, need, process and imperativeness of the social audit in the select scheme.
- To identify the practical problems either faced or encountered by the

social auditors during the performance of the audit and to find advantages of the social audit in select scheme.

Methodology:

The present study entitled "Empirical Analysis and Implications of Social Audit in MGNREGS with reference to Andhra Pradesh" has been done based on the observation and survey research method. For the purpose of the study the researcher has made use of the both, primary and secondary sources of the data. Under the primary sources of the data the researcher has chosen the people engaged in the social audit process selectively from a few villages of Bachannapet mandal of Warangal, district and Siddipet mandal of Medak District in Andhra Pradesh. The researcher has also made an attempt to conduct personal interviews and interactions with the people associated in the due course, apart to the workers engaged in the scheme so as to elicit the required information on the select study. Under the secondary source of the data the researcher has used Journals, Magazines, News Papers & Letters and Reports. The websites like Google, Indian Planning Commission and official sites of the government of India as well as Andhra Pradesh have also used for data collection for the information on different legal and statutory aspects of the study.

Action plan of 'MNREGA':

The act directs state governments to implement MNREGA "schemes". Under the MGNREGA the Central Government meets the cost towards the payment of wage, 3/4 of material cost and some percentage of administrative cost. State Governments meet the cost of unemployment allowance, 1/4 of material cost and administrative cost of State council (Sudhir Vaidya-2009). Since the State Governments pay the unemployment allowance, they are heavily incentivized to offer employment to workers. However, it is up to the State Government to decide the amount of unemployment allowance, subject to the stipulation that it not be less than 1/4th the minimum wage for the first 30 days, and not less than 1/2 the minimum wage thereafter. 100 days of employment (or unemployment allowance) per household must be provided to able and willing workers every financial year. According to a report released on January 27, 2011, the Central Government has revised wages of agricultural labourers under MGNREGA. The new wages are based on the consumer price index (CPI), as suggested by the Prime Minister, and are effective from January 1, 2011. Under the new system, linking wages to the CPI has enhanced them from 17 percent to 30 percent. The revised pay will benefit more than 50 million people across India. The base wage, which was Rs. 100 as on April 1, 2009, is revised once in five years. As per the new wages, the highest pay is in Nicobar district with Rs. 181 per day, closely followed by Haryana at Rs. 179. On the other hand, the most poorly paid are those in the northeastern states. Labourers in Meghalaya get Rs. 117 per day and those in Nagaland, Sikkim and Tripura Rs. 118 per day.

Implementation of the scheme:

MNREGA was launched on February 2, 2006 from Anantapur in Andhra Pradesh. The project was implemented in phased manner covering 130 districts by year 2007-08. With its spread over 625 districts across the country, the premier flagship program of the UPA Government has raised the productivity, increased the purchasing power, reduced distress migration and helped in creation of durable assets in rural India. This project has a formidable impact on rural India by providing employment to 41 million households in year 2010-11. Also, it has strengthened the social and gender equality dimensions as 23% workers under the scheme are Scheduled Castes, 17% Scheduled Tribes and 50% women. The MNREGA started with an outlay of Rs 11300 crore during the year 2006-07. The funding has been increased considerably afterwards and reached to 40,100 and 40,000 respectively for the years 2010-11 and 2011-12 respectively. Regarding to the employment a total of 179,43,189 families in the country have been provided employment under MGNREGS.

Overview of MGNREGA:

The progress and overview of MGNREGA in respect of employment to households, persondays generated, women labourers participation, budget outlay, total expenditure incurred, total works taken up and various other related activities of the scheme during 2006-07, 2007-08 and 2009-10 would be very clear from the following

Table-I.

Transaction/activity	2006-07	2007-08	2009-10
Employment to H.H.s	2.10 crore	3.39 crore	3.51 crore
Persondays generated	90.50 crore	143.59 crore	138.80 crore
Women participation	36.79(41%)	61.15(43%)	67.68(49%)
SC/ST participation	55.93(62%)	81.43(57%)	76.37(55%)
Budget outlay	Rs. 11,300 crore	Rs. 12,000 crore	Rs. 39,100 crore
Total expenditure	Rs. 8,823 crore	Rs. 15,857 crore	Rs. 17,076 crore
Expenditure on wages	Rs. 5,842 crore	Rs. 10,738 crore	Rs. 11,647 crore
Total works taken up	8.35 lakh	17.88 lakh	20.71 lakh
Water conservation	4.51(54%)	8.73(49%)	9.75(47%)
Land development	0.89 (11%)	2.88(16%)	3.22(16%)
Provision of irrigation facility to land owned by SC/ST/BPL and IAY beneficiaries.	0.81 (10%)	2.63 (15%)	4.01 (19%)

Source: Government of India, Ministry of Rural Development.

Social Audit – Introduction:

Governments are facing an ever-growing demand to be more accountable and socially responsible and the people are becoming more assertive about their rights to be informed and to influence governments- decision-making processes. Faced with these vociferous demands, the executive and the legislature are looking for new ways to evaluate their performance. Civil society organizations are also undertaking -Social Audits- to monitor and verify the social performance claims of the organizations and institutions. Social Audit is a tool with which government departments can plan, manage and measure non-financial activities and monitor both internal and external consequences of the department/organization's social and commercial operations. It is an instrument of social accountability for an organization. In other words, Social Audit may be defined as an in-depth scrutiny and analysis of the working of any public utility vis-à-vis its social relevance. Social Audit gained significance especially after the 73 amendment of the Constitution relating to Panchayat Raj Institutions.

Need of the Social Audit:

This tool is designed to be a handy, easy to use reference that not only answers basic questions about Social Audit, reasons for conducting Social Audit, and most importantly gives easy-to-follow steps for all those interested in using Social Audit. The purpose of conducting Social Audit is not to find fault with the individual functionaries but to assess the performance in terms of social, environmental and community goals of the organization. It is a way of measuring the extent to which an organization lives up to the shared values and objectives it has committed itself to. It provides an assessment of the impact of organizations non-financial objectives through systematic and regular monitoring, based on the views of its stakeholders.

Nature for the Social Audit:

Social audit may be regarded as being at the extreme end of the spectrum of audit functions. Over the centuries, audit functions have grown and evolved starting from the most ancient kind which may be called vigilance audit which was concerned mainly with the detection of frauds. We may regard the last three of these audit functions as representing economy, efficiency and effectiveness audit. As far as State Audit is concerned, in value for money audit and performance audit, it examines areas internal to government agencies. In social audit, it goes beyond these areas and examines the impact of specific governmental activities on certain sections of the society which are in contact with the government agencies.

Purpose of the social Audit:

The purpose of conducting social audit is not to find fault with the individual functionaries but to assess the performance in terms of social, environmental and community goals of the organization. Indeed it is way of measuring the extent to which an organization lives up to the shared values and objectives it has committed itself to. Further it provides an assessment of the impact of on organization's non-finan-

cial objectives through systematic and regular monitoring based on the views of its stakeholders.

Salient Features of 'Social Audit':

The foremost principle of Social Audit is to achieve continuously improved performances in relation to the chosen social objectives. Eight specific key principles have been identified from Social Auditing practices around the world. They are:

1. Multi-Perspective/Polyvocal: Aims to reflect the views (voices) of all those people (stakeholders) involved with or affected by the organization/department/programme.
2. Comprehensive: Aims to report on all aspects of the organization's work and performance.
3. Participatory: Encourages participation of stakeholders and sharing of their values.
4. Multidirectional: Stakeholders share and give feedback on multiple aspects.
5. Regular: Aims to produce social accounts on a regular basis, so that the concept and the practice become embedded in the culture of the organization covering all the activities.
6. Comparative: Provides a means, whereby, the organization can compare its own performance each year and against appropriate external norms or benchmarks; and provide for comparisons with organizations doing similar work and reporting in similar fashion.
7. Verification: Ensures that the social accounts are audited by a suitably experienced person or agency with no vested interest in the organization.
8. Disclosure: Ensures that the audited accounts are disclosed to stakeholders and the wider community in the interests of accountability and transparency.

Social Audit Methodology:

Social audit methodology has to be devised keeping in view all the various general problems as well as those which are specific to the programmes audited. Following are the various methods adopted as

part of the methodology of the social audit. The social auditor has to gather background information. What survey was made before the social welfare programme was drawn up? What was the state of affairs when the programme was taken up? What assumptions were made and on what basis? How was the quantum of thrust of inputs determined to achieve the necessary effect? In other words, what was the projected cost to social change ratio? What internal monitoring machinery and methodology was provided? Was any internal evaluation made and if so were any policy changes made? What are the other linked programmes which could affect the effectiveness of the programme to be audited? How are those programmes progressing? On all these questions, social auditor should gather the necessary information and literature before he ever sets out to do his audit.

Users of the Tool:

Social Audit Toolkit can be used by government departments, private enterprises as well as the civil society. However, the scope in terms of audit boundaries would be specific to that of a government department, private organization, an NGO or a community. In case of private organizations, the emphasis may be on balancing financial viability with its impact on the community and environment. In case of NGOs, in addition to using them to maximize the impact of their intervention programme, they could also be used as effective advocacy tools. Depending on the resources available Social Audit could be comprehensive, state-wide, and can also be localized to the community level.

Transparent Execution in AP:

In Andhra Pradesh, since the inception of the scheme, close to 4000 panchayat and district official in the state have been dismissed and 1500 odd suspended on grounds of misappropriation of funds. AP has conducted the audit seriously and identified Rs. 100 crore of frauds. The communities have already managed to recover half of that amount. The MGNREGS in Andhra Pradesh at glance as on 18-08-2013 can be seen as in the following table –III and IV

Table II: MGNREGS-Andhra Pradesh at Glance:

Topic	Size
Total No..of Districts under the Scheme	22
Total No..of Mandals under the Scheme	1098
Total No..of Grampanchayats under the Scheme	21862
Total No..of Habitations under the Scheme	69044
Total No..of job cards issued under the Scheme	13420500
Total No..of Labour Groups Registered under the Scheme	594404
Total No..of Labour in Labour Groups under the Scheme	11040738

Source: www.nrega.ap.gov.in

Table –III: MGNREGS-Andhra Pradesh at Glance:

Element/topic	Details as on 2013-14	Cumulative*
Total No.. of Works completed(No)	3,50,232	31,33,172
Total Work Completed (Value) Rs. In Lakhs	1,70,478.23	35,59,533.83
Wage employment provided to Households	53,05,211	93,74,212
Wage employment provided to Individuals	92,16,632	1,89,07,662
Wage employment provided to Men	41,08,124	88,67,009
Wage employment provided to Women	51,08,508	1,00,40,653
Wage employment provided to S.C-Individuals	22,77,457	47,96,159
Wage employment provided to S.T-Individuals	13,13,455	25,92,918
Wage employment to persons with disability	1,15,330	1,39,740
Total no.. of person days engaged	21,55,00,839	2,07,99,11,363
No..of days generated for S.C	23.37%	24.85%
No..of days generated for S.T	13.86%	14.94%
Average wage rate per day per person	112.32	95.76
Total no households completed 100 days of wage employment	2,90,213	55,71,237

Source: www.nrega.ap.gov.in * since inception

Problems of Social Audit:

In the present study an attempt has made to locate practical difficulties faced by the social auditors during the performance of their job. For this researcher has made open interaction with the people employed in the course. Based on the interaction and informal discussion, following difficulties have been identified in social auditing task.

Social audit scope cannot be determined precisely.

1. If we go for listing all activities undertaken by the scheme, say in an accounting year it may be difficult to find out which activities are to be treated as 'social' and which not.
2. The requirements of various groups such as employees, customers, shareholders, general public, government, etc, may not be accurately and readily convertible into 'social rhetoric' always.
3. Another problem in social audit is '**determination of yardsticks**' for measuring the cost and accomplishment of activities shown in the social audit.
4. Mere measurement of inputs or outputs cannot meet the demands of effective social audit.
5. Perhaps the most serious difficulty faced by the social auditor is the absence of a well conceived information system as part and parcel of a social welfare programme.
6. Government agencies which design programmes often commit the error of relying on traditional government systems of information such as government accounts and government methods of reporting for conveying a picture of how a programme is progressing. This kind of hazy and incomplete system does not help them to take stock, speed up, slow down or apply corrective measures as and when required.
7. People associated in social audit process may not possess required skills, qualifications and excellence. Further Political intervention may always poke into the matter.
8. Illiteracy in rural and semi-urban areas may also create so many problems in preparation of social audit reports.
9. Irregular and illegitimate payment of wage for the work done under the scheme may also pose some troubles. Further widespread irregularities in implementation and bribes and paybacks have made much chaos to either enter into the accounting books or to extract from the books by auditors.

Suggestions for effectiveness:

Following suggestions may be offered to strengthen the effectiveness of the social audit in the specified scheme.

1. Seek clarification from the implementing agency about any decision making activity, scheme, and income and expenditure incurred by the agency.
2. Consider and scrutinize existing scheme and local activities of the agency regularly.
3. Access registers, all account books and other relevant documents relating to all development activities undertaken by the implementing agency or by any government department.
4. Social Audit should cover all the aspects of NREGS implementation, specially: registration of the households, issue and updating of entries in job cards, receipts of work applications, selection of projects under the scheme, extension of works, maintenance of essential documents like muster rolls, measurement books, employment and assets registers, and payment of wages etc...
5. Government should see the presence of all relevant officers at the social audit meetings at the GP level. And GP will make available all relevant papers and documents to the Gram Sabha for the social audit and there should be inbuilt feedback mechanism.

Conclusion:

The concept of integrated social audit does not merely extend horizontally in the sense of extending to peripheral events which impinge on the social welfare activity under evaluation. Ideally, the social auditor should be associated at the time of programme design so that, with his background and field experience, he might recommend the appropriate methodology to evaluate the social changes and the machinery in terms of staff and resources to monitor them. He might be able to point out peripheral factors which might distort the programme or its evaluation. He might help in making a projection of the benefit to cost ratio and give valuable advice on how long to continue the inputs and when to switch strategy. In other words, the ideal social audit will start with a pre-audit of the programme document and design. These may make social audit as an imperative tool in the management of national affairs. Further, Farmers' organizations have come out with a sensible suggestion that **the mandatory 100 days employment in a year should be provided only during agriculturally lean seasons**. This will be a win-win situation for both farmers and farm labour. While the farmers will get labour when they need it the most, the labourers will be able to remain employed for a longer period in a year. To make the scheme more effective timely payment of wages to workers has to be ensured and quality of social audit needs improvement.

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