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## Spectators or Participants?

**Examining the Effects of Social Audits on Citizen-State Relations  
and the Local Politics of Corruption in Andhra Pradesh**

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## 1. Introduction

How does a hierarchical, top-down state respond to efforts to become directly accountable to its citizens? This paper analyses this question through India's experience with implementing social audits for the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in the state of Andhra Pradesh (AP), India. Passed by the Indian Parliament in 2005, the MGNREGA legally enshrines the right to work by guaranteeing the provision of 100 days of unskilled wage employment to all rural households in India. In its design, the Act incorporates a number of transparency and accountability features, crucial amongst which is Section 17 of the Act mandating the regular conduct of social audits of works sanctioned under MGNREGA.

Social audits in MGNREGA are designed as a platform for citizens to directly participate in monitoring government processes and make accountability claims on the state. Born out of the Right to Information Movement (RTI) in India, when the Mazdoor Kisan Shakti Sangathan (MKSS) began conducting *jansunwais* or public hearings, social audits have two key objectives. First, they aim to create a space where citizens can meet agents of the state, question and monitor them. The second, longer-term objective is to minimize leakage and wastage of public funds, and improve quality of implementation by developing a sense of ownership amongst beneficiaries toward the program.<sup>2</sup>

Despite the mandatory provision in the Act, AP is the only state that has taken steps to institutionalize social audits for MGNREGA.<sup>3</sup> Since 2006, six rounds of social audits have been undertaken by the Society for Social Audit, Accountability and Transparency (SSAAT) in more than 21,000 Gram Panchayats across the state. The AP experiment, thus, affords a unique opportunity both to examine social audits as a platform for enabling citizens' to make accountability claims and also to understand how the state responds to such efforts.

There is a small but growing body of empirical work studying the effects of the social audit. Much of this work focuses on the question of links between increased community monitoring and accountability (see for instance, Afridi and Iversen (forthcoming) and Shankar (2010)). This paper contributes to this work by focusing on the question of state responsiveness. It does so by

documenting citizen experiences with participating in audits and tracking how the community and the state interact with the audit findings from the bottom-up. We believe that the dynamics of these interactions are important to explore because they play a significant role in shaping the outcomes of any accountability effort. Specifically, this paper attempts to answer the following three questions:

- Do social audits provide citizens with a platform to meet agents of the state?
- How does the state respond to complaints voiced through the audit?
- How do social audits interact with the local corruption market?

The rest of the paper is organized as follows: Section 2 describes the study methodology. Section 3 discusses the effects of the social audit in relation to strengthening citizen-state interactions and enforcing state responsiveness. Section 4 concludes.

## **2. Study Methodology**

The study draws on primary research conducted in 2012 in 8 villages in Medak district, Andhra Pradesh. Medak was chosen because it was amongst the 13 districts where social audits for MGNREGA were initiated in AP. The history and duration of the audit process gave ample scope to analyze secondary data over different rounds of the audit and draw a sample of mandals (blocks in AP) that represented a variety of experiences with MGNREGA and social audits.

Using social audit reports for 3 rounds (2006-2010), we narrowed our sample to two mandals—Medak and Papanappet. These mandals were identified to capture variation in types of complaints and officials against whom complaints were made. Within these mandals, 4 villages were selected which reported either large increases or decreases in quantum of fraud across social audit rounds.

Study instruments included a household survey with 206 wage seekers who had worked on MGNREGA; and semi-structured interviews with key informants including MGNREGA officials at the village and mandal level along with social audit staff (box 1 details who's who in MGNREGA).

**Box 1. MGNREGA Actors: Who's Who**

- Mate: Head of a group of wage seekers.
- Field Assistant (FA): Manages the worksite.
- Branch Post Master (BPM): Manages postal accounts and wage payments.
- Customer Service Provider (CSP): Banking correspondent who provides wages at doorstep through smartcards and biometric authentication.
- Gram Panchayat members and Panchayat Secretary: Identify beneficiaries, issue job cards, and supervise implementation.
- Mandal Parishad Development Officer (MPDO): Program officer at the mandal level.
- Assistant Program Officer (APO): Manages day-to-day implementation of the program at the mandal level.
- Mandal Parishad Territorial Constituency (MPTC) members: Intermediate panchayat members (elected) who oversee MGNREGA implementation in mandal.
- Mandal Parishad President (MPP): MPTC president.
- Zilla Parishad Territorial Constituency (ZPTC members): District panchayat members. No formal role in implementing MGNREGA.
- Project Director (PD): District officer in-charge of MGNREGA.

Finally, to get variance in perception and experience with the social audit, respondents were identified across four categories. These included:

1. Labourers whose names appeared in the MGNREGA muster rolls for the year in which the last social audit was conducted (random selection).
2. Those who attended the last social audit (purposive selection, based on hearsay).
3. Those who worked on a worksite on which fraud was discovered in the last social audit (random selection from muster roll of worksite ID).
4. Those who had individual complaints about the scheme and/or testified in the last social audit (identified from social audit reports).

Our primary objective was to capture perceptions about follow up from the social audit. We thus oversampled the fourth category. Table 1 gives the final sample distribution for the survey.

**Table 1. Sample distribution for survey**

<b>Category of Respondent</b>	<b>Numbers Interviewed</b>	<b>% of total sample</b>
Category 1	43	21%
Category 2	34	17%
Category 3	28	14%
Category 4	101	49%

### **3. Findings and Analysis**

#### **3.1. Do social audits provide citizens with a platform to meet agents of the state?**

The practice of social auditing was developed by the movement for the Right to Information.<sup>4</sup> The audit was in many ways a tangible articulation of the movement’s vision to alter citizenship and deepen democracy. It realized this vision, primarily, through the mechanism of a *Jansunwai* at which citizens could meet and question representatives of the state as rights bearing, informed claimants rather than recipients of ad hoc patronage. Chandoke (2007) argues that these *Jansunwais* perform three functions that are intrinsic to democracy. First, they produce informed citizens aware of their due; second, they encourage participation through provision of information and social auditing; and third, they create a sense of civic responsibility by bringing people together to address issues of collective concern. In other words the power of the social audit lies in its ability to enable citizens to quite literally “see the state” by scrutinizing documents and questioning, confronting and engaging with officials.<sup>5</sup>

To what extent has the social audit in AP met this goal of deepening citizenship and democratic practice? Before we present our findings, it is important to understand the context in which the social audits unfolded in our sample 8 villages.

First, most of our respondents accessed the scheme through the FA. A majority (72%) didn’t apply for work. Their entry in to the MGNREGA was mediated through the FA who “selected” them. Moreover, information on key aspects of work was rarely shared. When asked whether the FA/Mate gave them information about the wage rate before they started work, nearly 97% of our respondents said no. Thus, the primary mode of interaction between wage seekers and the

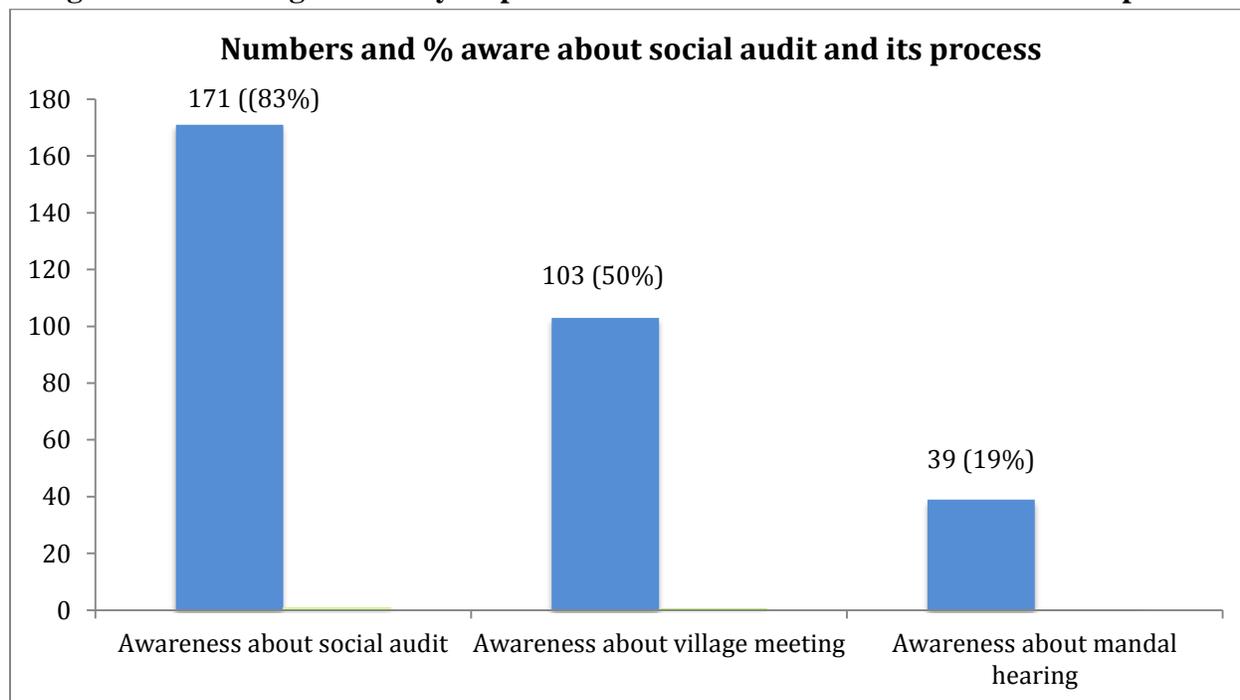
MGNREGA administration was through the FA, and the former engaged with the scheme as passive recipients rather than active claim-making citizens demanding work.

Second, AP is well known for its vast network of village level Self-Help Groups (SHGs) and community based organizations (CBOs). These grassroots CBOs were visible in our sample villages: 77% of our survey respondents said they were associated with user groups, notably SHGs. However, membership alone did not ensure participation in village associational life: only half the respondents had attended a meeting of village residents to discuss community issues and 79% had never met, called on or petitioned local politicians.

In a context with limited encounters with higher-level officials, and limited participation in associational life, to what extent did audits serve to increase wage seekers' capacity to "see the state"? We answer this question by unpacking citizens' experience with the social audit process.

***Awareness and attendance:*** Most of our respondents were aware of and participated in the social audit process: 83% knew about the door-to-door verification and document scrutiny process. Fewer were aware of the social audit village meeting/gram sabha and the public hearing (see figure 1). However, a majority of those who knew about the meetings attended them: 91 out of 103 aware about the Gram Sabha meeting attended it and 34 of 39 attended the public hearing.

**Figure 1. Percentage of survey respondents aware about the social audit and its process**



Source: Survey data; n=206

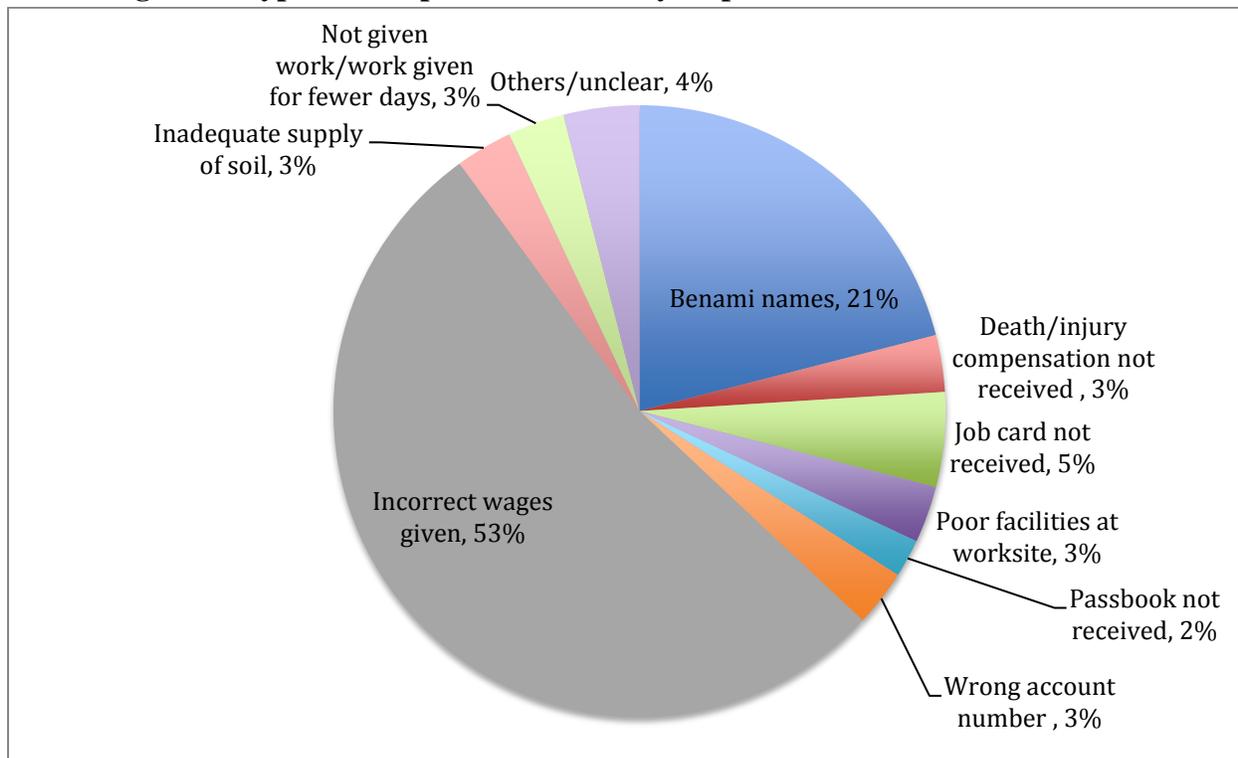
**Participation of government officials in social audit meetings:** Officials participated in village and mandal meetings. Wage seekers reported seeing the Mate, FA and TA in the gram sabhas and the public hearings. Those who attended the public hearing also saw the BPM, APO, MPDO, members of the social audit team and local politicians.

**Voicing complaints:** Among those who were aware of a social audit, 141 said they had complaints with MGNREGA. A majority (125) raised their grievances during the social audit exercise. The public meetings also provided a platform to “voice” complaints –22 respondents with complaints spoke publicly at the gram sabha meeting and 14 spoke at the mandal level hearing. All those who spoke said that they could speak freely, without fear.

Most of the complaints made during the audit reflected the universe of complaints that people had with the MGNREGA. Of our sample of 206 respondents, 151 said that they had a complaint about the MGNREGA.<sup>6</sup> The vast majority of complaints (see figure 2) were about incorrect wages and money being drawn under *benami* names (i.e. by faking names on the attendance sheet or muster roll). These complaints were also reflected in the social audit reports in our

sample villages (see tables A1 and A2 in the annex) suggesting that social audits in fact capture the vast majority of complaints made by people.

**Figure 2: Types of complaints that survey respondents had with MGNREGA**



Source: Survey data, n=151

In summary, our analysis suggests that social audits influence the dynamics of MGNREGA wage seekers’ interactions with the state in two important ways. First, they serve to increase the “sightings” of the state at the village level. Most respondents reported meeting and complaining to village social auditors. Although social auditors are ordinary villagers in their everyday lives, as auditors they are conduits through which respondents make claims on the state. Moreover, a significant number of respondents reported participating in the gram sabha where frontline MGNREGA officials and social auditors interacted with villagers. Few attended the public hearing, and so it is difficult to comment on the proceedings of these hearings and their effects on state-citizen dynamics. However, interviews with FAs and TAs indicated that senior officials, including the Project Director, attended these meetings. So, for those who did go to these meetings, they presented a rare opportunity to interact with officials.

Second, for the brief period when MGNREGA beneficiaries are participants in the social audit, the nature of their interaction with the state shifts from being passive beneficiaries to active claimants – scrutinizing records and complaining to the state. In the normal course, wage seekers see the state in the form of an all-powerful official, usually the FA, “providing” them work and giving them their wages. During the audit, the state is no longer all-powerful. Rather it is made to answer for its actions, admit its mistakes, and justify its decisions. This is best described through our interviews with FAs:

*“Wage seekers complained that I did not provide water and first aid box. I clarified that I was not provided with vessels (to provide water) and first aid box.”*

*“The villagers complained that they did not get job cards and that muster rolls were not properly updated by the mate because of which wages were not paid completely. The MPDO ordered for job cards to be provided and ordered an enquiry to verify the muster rolls. After verification, the complaint was proved to be genuine and complete wages were paid.”*

Whether this temporary shift translates into any long-term changes that truly empower citizens’ in relation to the state is a question for further research. However, we did get some positive indications. When asked whether social audits were an effective means to interact with local officials, 92% of our survey respondents agreed and 85% respondents said that the audit had served to increase their confidence to seek information from officials about the MGNREGA.

### **3.2. State Responsiveness**

In the previous section, we examined the ways in which the social audit interacts with and engages citizens. But from the point of view of accountability, the more important question concerns how the state responds to the pressures that these increased sightings generate.

The next two sub-sections study the interplay between the social audit and the state from the perspective of state responsiveness. The first sub-section examines whether the state takes the social audit findings seriously and takes action. The next sub-section explores how the social

audits interact with the local socio-political-bureaucratic contract and the implications of this on minimizing corruption.

### ***3.2.1. How does the state respond to complaints voiced through the audit?***

Of the 125 wage seekers in our sample who complained during the audit process, a majority (112) said their complaints were yet to be resolved (see table A3 in the annex). Most did not know the reason behind non-resolution. This lack of information on complaint resolution is not surprising, as the social audit doesn't have any formal mechanisms to give feedback to wage seekers on the status of their grievances. Decisions regarding grievances are usually taken at the mandal level public hearing, which few attend. Therefore, unless resolution is visible – an officer is dismissed or money is returned at the hearing – complainants are unlikely to have information about the outcome of their grievances.

Evidence on action taken supports this perception of inaction. Among our respondents, 125 complainants identified specific officials against whom they had grievances: 64% had complaints against the FA, 11% against the BPM, 3% against the Mate, and 2% against the panchayat secretary. During fieldwork, we found that some of these officials were still in service despite complaints over different rounds of the audit (see table 2). The few that had been dismissed continued to be active in MGNREGA activities such as allocating work and issuing job cards.

**Table 2. Officials implicated over different rounds of social audits**

Village	Official	2007	2009	2010	2011	Survey (2012)
A	FA*	⊙	⊙	⊙	⊙	FA continues to be in service
	TA				⊙	
	BPM		⊙			
	Sarpanch		⊙	⊙		
	Ex-ZPTC		⊙(#)	⊙		
B	Mate		⊙	⊙	⊙	FA continues to be in service
	FA		⊙	⊙		
	TA		⊙	⊙		
	Sarpanch		⊙			
	MPTC		⊙			
C	FA	⊙	⊙			FA continues to be in service, old-FA also active
	Ex-FA		⊙			
	TA		⊙			
	AE		⊙			
	BPM		⊙			
	Sarpanch		⊙			
	Vice Sarpanch		⊙			
	MPP		⊙			
D	FA	⊙	⊙			FA claims he quit on his own
	Tractor Owners		⊙			
E	Mate		⊙			FA, TA suspended in 2010; TA was reinstated, but FA is still suspended
	FA	⊙	⊙	⊙		
	TA		⊙	⊙		
	BPM		⊙	⊙		
F	FA		⊙			
	BPM		⊙			
	MPDO		⊙			
G	FA	⊙	⊙			FA suspended; corrupt BPM dismissed
	TA		⊙			
	Sarpanch		⊙(#)			

	MPP		⊙(#)			
H	TA				⊙(#)	
	BPM			⊙		

Source: Social audit reports and survey data

Notes: \* Officials have not been named to protect their identity, but the coloured cells imply they continue despite getting implicated, repeatedly, across rounds; (#): not reflected in social audit, but came up in qualitative interviews.

This is not to suggest that the audit has no teeth. Six rounds of SSAAT data reveal that nearly Rs. 230 million has been recovered from Rs. 1.41 billion worth of fraud found. Of the 49,194 officials implicated, 5220 have been dismissed and another 1230 have been suspended. Police complaints have been filed against 163 and punishment has been imposed on 13,579. There are also documented instances of money being publicly returned and state authorities openly speak of the pressure they face to respond to grievances (Akella and Kidambi, 2007).

What emerges from this discussion is that the state has been partially responsive to social audit findings. This is the first time that the state has actually been able to extract stolen money back from errant officials and return it to citizens. Despite these gains, overall enforcement is slow, and has created a perception amongst both wage seekers and officials that the audit has limited outcomes. As one local politician interviewed commented: *“The social audit created fear amongst the EGS staff. But since the recovery has not yet started, they are less fearful”*. It is important to note that the Department for Rural Development (RD), which implements MGNREGA in AP has, over the years, taken many concrete steps to build a grievance redress system. However, the gains of this system have thus far been limited.<sup>7</sup>

Our interviews with bureaucrats at the village and mandal level threw up a number of different narratives about responses to the social audit. Collectively these offer important insights into the causes of weak responsiveness to audit findings.

***Bureaucratic resistance***

*“The social auditors are not technical experts.”*

*“Social audits ..... do not verify facts properly.”*

Many bureaucrats discredited the audit process arguing that the auditors were “illiterate” and lacked technical skills. Thus, they refused to recognize findings as valid for follow up. However, data on the social audit seems to suggest that this resistance is slowly dissipating. Acceptance rates of social audit findings by the lower bureaucracy have risen from 55% in round one to 85% in round three.<sup>8</sup>

### ***Low staff capacity and overwhelming workload***

*“Every month there is a new process, new policy, new things to focus on.”*

Once charges have been filed, a show-cause notice is issued to the implicated officials to present their case and submit written proof of their position within 15 days. After the case is heard, mandal level MGNREGA officers are expected to take relevant action. During interviews, mandal staff pointed out that they had heavy workloads (for many officers MGNREGA is an additional charge), and limited capacity, which constrained their ability to take timely action. Further, program guidelines in AP have undergone many changes over the years taking official attention away from day-to-day work.

### ***Bureaucratic fragmentation***

*“The standard reply to most social audit findings is that the implicated BPM is no longer in service or that all findings are false.”*

Finally, the most important factor effecting state action is the current reporting and management structure of the MGNREGA in AP. For instance, the MPDO, the key frontline officer at the mandal level is a state cadre bureaucrat recruited by and directly accountable to the Department of Panchayati Raj (PRD). Similarly, the BPM belongs to the postal service, which is a central cadre. The nature of government rules is such that the recruiting authority alone can take disciplinary action. Thus, although the MPDO and BPM are answerable to RD for all MGNREGA related activities, RD cannot initiate any disciplinary action against them; it can merely issue a letter to the main recruiting authority.

In summary, our fieldwork suggests that the state, while an enthusiastic participant in the social audit process, has been slow in responding to social audit findings and closing the accountability loop. This is primarily due to structural weaknesses – internal hierarchies, weak management – that will need to be resolved in order for social audits to result in accountability.

### **3.2.2. Social audits and the corruption market**

In this section, we focus on how the social audit process interacts with the local corruption market. But first it is important to understand the different mechanisms through which fraud takes place in MGNREGA (see box 2).

#### **Box 2. Unpacking the corruption market in MGNREGA, AP**

**When the Field Assistant acts alone:** For small monies, the FA acts alone or with the Mate. He/she forges an alliance with compliant job-card holders and ‘borrows’ their passbooks for a small price. The job-card holders’ names are added to the muster roll and the FA pockets the wages.

**When the FA and BPM join hands:** The FA adds fake names to the muster roll and together with the BPM, forges signatures / thumb impressions. The BPM gets a 5%-10% cut on the total amount appropriated.

**When the network grows –the FA, TA and BPM join hands:** To commit larger frauds, the FA and TA collaborate to inflate measurement of work completed. The BPM is informed of the extra measurement and when wages are paid, he/she makes an entry in the passbook and hands over the extra cash to the FA and TA after taking a cut.

**When local elites get involved - ghost works:** To create ghost works, the entire network of MGNREGA staff has to work in tandem. Collusion starts with the perpetrators collecting an empty muster roll from the MPDO who is responsible for issuing muster rolls, verifying work completion and signing-off on payments. Thus, to ensure that the paperwork is in order, the MPDO needs to be involved. Next, the Panchayat Secretary is roped in to provide job card details of villagers, usually those with political affiliations with the elite. Signatures are forged and key officials sign off on the fake muster roll. Finally, the postmaster is influenced so that payments can be withdrawn without individual passbooks.

**When local elites get involved - material fraud:** One of the more popular public works in MGNREGA is land levelling, which requires that tractors be hired to transport soil to worksites. The local elite together with officials have derived innovative ways of making money off the tractor trips by getting the tractor owners to under report the soil load they carry per trip or inflating the number of trips needed, in the process extracting bribes from tractor owners.

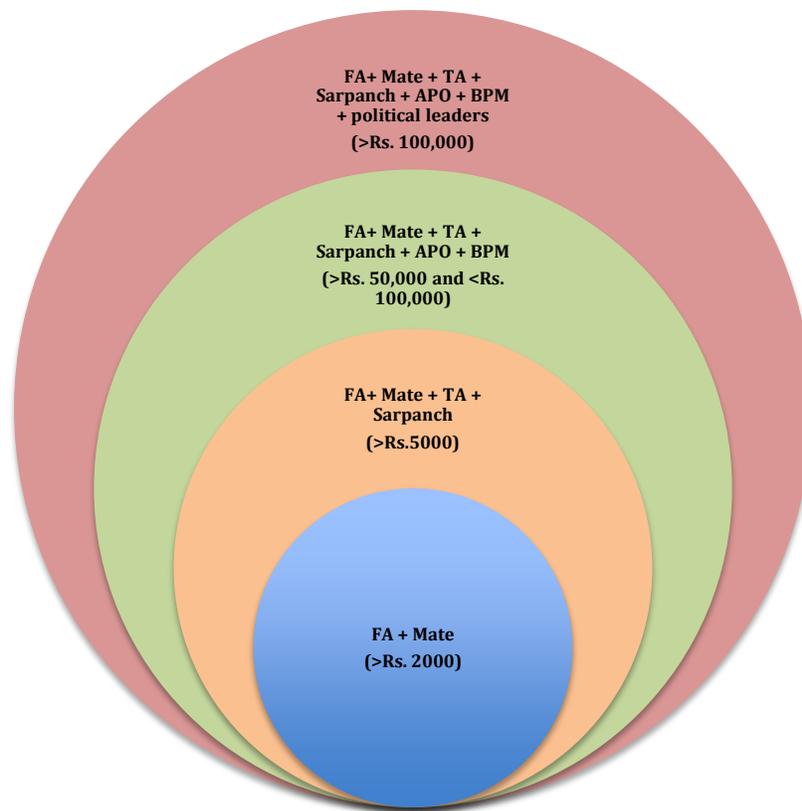
Source: Authors’ field notes

**a. Characteristics of the corruption market**

Our data revealed three important characteristics of the MGNREGA corruption market.

First, **the market for corruption functions like a syndicate** and as the quantum of loot becomes larger, so does the network of actors (see figure 3). That such a syndicate exists in most public services in India is well documented (Wade, 1982; Béteille, 2010). What makes the continued presence of networked corruption in MGNREGA interesting is the fact that it persists partly, as a response to the transparency and accountability measures built into the Scheme.

**Figure 3. The share of loot**



Source: Field Notes

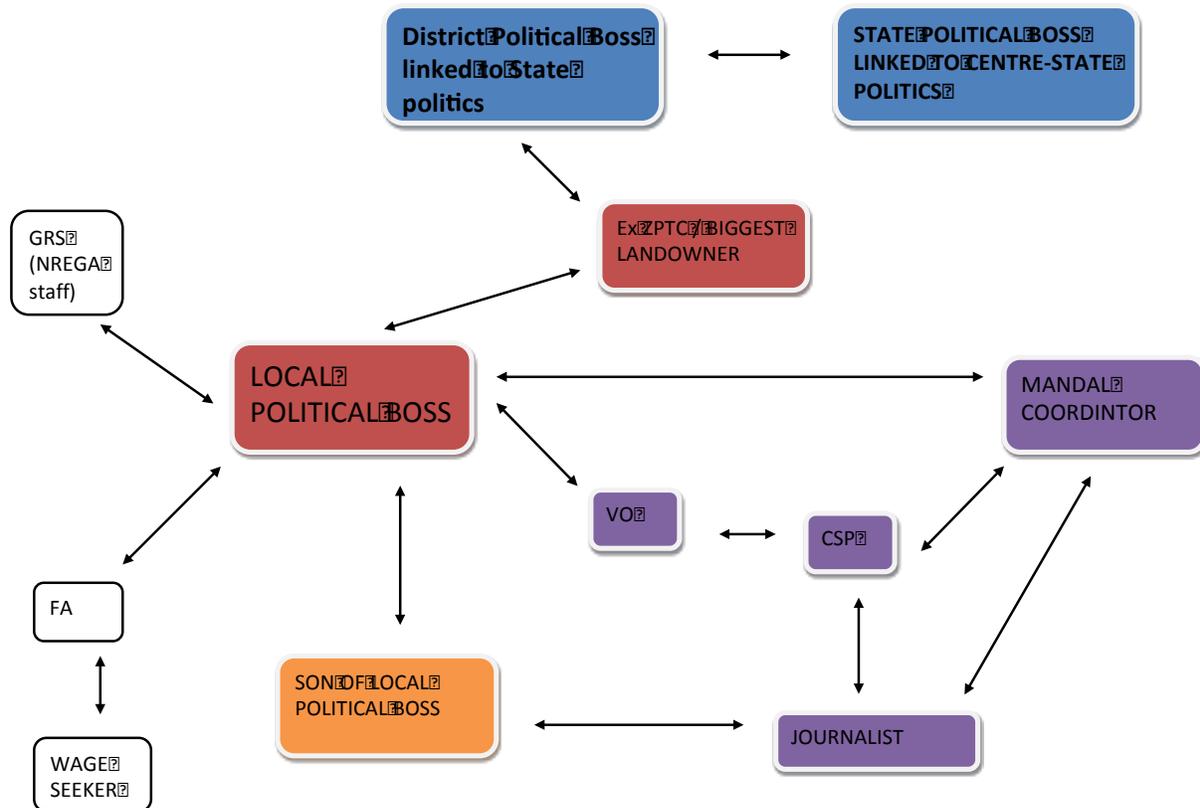
To ensure transparency, the MGNREGA operational guidelines mandate the public disclosure of a range of documents from job cards to pay slips and pass books recording wage receipts. The

emphasis on transparency through documents in the MGNREGA finds its origins in the RTI movement, which defined transparency as citizen control over state documents and files. This emphasis on transparency through documents was rooted in the recognition that files and paper are the primary modus operandi of the Indian bureaucracy (Mathur 2013). Transparency of documents would thus ensure transparent government.

A focus on documents interacts with the local bureaucracy in unexpected ways. In Uttarakhand, where Mathur did her study, it resulted in overburdening the bureaucracy and non-performance. It also made indulging in old school corrupt practices – hiring contractors, fudging muster rolls – harder because the paper work needed to add up, thus requiring multiple actors to work together. In AP, where state capacity is stronger than Uttarakhand, excessive documentation resulted in deepening the corruption syndicate especially when large monies were at stake.

The second feature of the corruption market is that it **derives its power from political connectedness**. Figure 4 traces how different frontline MGNREGA actors may be politically connected in one village.

**Figure 4. Political connectedness amongst MGNREGA actors**



Source: Authors' field notes, Village A.

The nature of political capture in MGNREGA needs to be viewed in the context of the micro-political economy of villages in AP. In the late 1990s, the government of AP launched the Janmabhoomi program, under which all development projects were to be implemented through CBOs. Although promoted by the government as a development initiative, studies on the program highlight that it was also a political project aimed at building a local party cadre for the incumbent government, led by the Telugu Desam Party (TDP) (Powis 2003, 2007).

The Janmabhoomi program and concomitant party building efforts created shifts in local political dynamics in several important ways. First, they intensified village politics. New committees opened up spaces for new entrants into the local political system many of whom were given important positions in these committees. This new breed of politicians began to play an

important role in rural life by acting as middlemen to development programs. Powis also identifies a high degree of complicity from the local administration to link up with these elites in their role as contractors (Powis 2003, 2007). The degree of connectedness between the local MGNREGA staff and political elites (as figure 4 illustrates) may be an expression of this tendency.

Heightened political engagement of elites in village life also needs to be juxtaposed against the Janmabhoomi program's effort to strengthen bureaucratic control over local development by actively bypassing the local political system (see Manor 2002 in Powis 2003, Mooji 2003). Powis shows how the Janmabhoomi recreated the concept of the Gram Sabhas (replacing elected leaders with local officials) and used these forums as a means of direct participation with the state. In fact, the sarpanch and ward members were not even invited to sit on these forums.

The penchant to bureaucratize implementation is prevalent in the MGNREGA as well. By design, the MGNREGA mandates that the Gram Panchayat is responsible for the implementation of at least 50% of the MGNREGA budget. In AP, GPs do not have any control over spending this money. As one GP president interviewed said, "*We conduct a gram sabha to select work under MGNREGA. Apart from that we don't interfere*". The result of this bureaucratization is that while local political elites are important players in the corruption market for MGNREGA, they don't have any implementation *responsibility* and therefore have no real *accountability* for implementation. Accountability for implementation rests with the bureaucracy.

The third characteristic of the corruption market in MGNREGA is that the **larger frauds are committed outside of the direct sighting of citizens**. As box 2 highlights, apart from the petty corruption where wage seekers are directly involved, much of the corruption occurs through means that rarely involve wage seekers.

***b. How do social audits interact with the local corruption market?***

Our survey data suggested that MGNREGA beneficiaries, including those who have lodged complaints through the social audit, see no change in corruption. When asked whether repeated social audits have reduced corruption over time, as many as 70% respondents said it had stayed

more or less the same. Most argued that political connectedness was the reason that corruption continues to proliferate, despite social audits.

### **Shifts in types of corruption**

Although people's perspectives remain unchanged, data gathered from social audit reports points to an interesting trend: that of a shift in the *nature* of corruption from wage-related to worksite-related, material corruption (see tables A1 and A2).

This trend is not limited to these 8 villages. Other studies on social audits reveal a similar pattern. Using a panel of social audit reports from 300 GPs in 8 districts over 3 rounds, Afridi and Iversen (forthcoming) find a disproportionate rise in material related irregularities over rounds relative to a modest increase in labor related complaints. There is anecdotal evidence to suggest that the social audit has played a role, in containing, (although not eliminating) wage related corruption. The dominant narrative amongst the social auditors is that there has been a shift to material corruption because the social audit has made petty, wage related theft harder.<sup>9</sup> This was reinforced during interviews with local stakeholders. However, this perception has not been empirically proven.

That social audits have been successful in detecting and even containing wage theft is not surprising. Wage payments affect people most directly. Given the opportunity, they will pressurize the system to ensure they get their due. Shankar's (2010) analysis of social audits reiterates this point strongly as do studies on the effects of community monitoring in other countries (Olken 2007). One of the mandal officers interviewed for the study had this to say: "*If money has been taken from the wage seeker and has been identified in the social audit then we have to pay the wage seeker back.*" The survey corroborates this tendency. When asked about complaints vis-à-vis the MGNREGA, majority of respondents highlighted wage-related issues.

### **Can the social audit deal with the changing market for corruption?**

What are the implications of the changing nature of the corruption market vis-à-vis the social audits' efficacy in reducing fraud? Our hypothesis is that the social audit, in its current design,

may have limited impact on achieving this objective. We make this argument for the following reason.

The bureaucratization of the MGNREGA has meant that the social audit results in holding the local bureaucracy rather than the local political system accountable. This is evident in the social audit data itself – the bulk of the implicated officers are frontline officers. However, it is not as though the role of politicians remains hidden. Audit reports frequently implicate politicians. But these have not resulted in the imposition of sanctions. Interestingly, in the second round of the social audits (between 2007-2008), the MGNREGA had taken a policy decision to converge a Panchayat Roads program (which is under the jurisdiction of local politicians) with the MGNREGA. When the audit was conducted and cases of corruption unearthed, the MGNREGA was de-linked from the Panchayat Roads Program.<sup>10</sup>

It could be argued that public identification of corruption by politicians could lend itself to greater political accountability as political parties could use social audit data against one another, particularly during elections. We could not test this theory, as our fieldwork didn't overlap with an election cycle. However, in conversations with politicians, particularly opposition members, we found little evidence that social audit reports had deepened inter-party competition. Rather, local politics was fairly fluid (Powis had similar findings) with politicians shifting parties regularly to align themselves with the incumbent. Almost all the panchayat presidents interviewed had switched from one party to another in the 2006 panchayat elections. Given this fluidity, calling opposition party members out on corruption might not be a politically viable strategy. Another important narrative that emerged from our interviews was the overwhelming support that local political elite received from the top district politician. Many opposition members expressed their inability to address local corruption because of this strong connection. We speculate that the fact that opposition members may require the patronage of the political boss may create disincentives to use social audit findings against incumbent politicians. A focus on bureaucratic accountability coupled with such disincentives means that the underlying political structures that shape rent-seeking behaviour of political elites remain largely untouched.

It could be argued that even though social audits have not made a dent on political structures, they have the potential to create a public sphere that can over time, enhance civic capacity to challenge these structures. However, their ability to do so is limited, for the moment at least, for two reasons. First, in order for a public sphere to influence political behavior, it must be formally linked to the electoral space. Silencing people opens politicians to the risk of losing vote blocks. In our view, because the social audit has created a public sphere that engages bureaucrats rather than politicians, its disciplining effect on politician behavior is limited.

Second, the social audit in its current design is a top-down, bureaucratic process one that is yet to drop anchor in every day popular mobilizations and civic life in rural AP. Rao and Mansuri (2012) make an important distinction between organic and induced participation. Organic participation is participation spurred by civic groups acting independently of, and often in opposition to government. Induced participation is participation promoted through government policy and implemented by bureaucracies. There are also hybrids where the specific design of the induced participatory program is built on organic models. The AP social audit is one such hybrid. The audits are based on a model conceived and designed through an organic social movement (in Rajasthan), which was then scaled up by the AP government. In the process, the government has built a parallel bureaucracy of social auditors. The social audit in AP is thus largely an effort at inducing popular mobilization for accountability in MGNREGA from above rather than an organic bottom-up demand for change.

This parallel bureaucracy was perhaps necessary for the successful institutionalization of social audits in the state.<sup>11</sup> Contrast AP with Rajasthan, where the institutionalization process faced significant political resistance from panchayat leaders. In response, the state leadership halted the institutionalization process. In AP, the political and bureaucratic leadership faced limited local resistance. Part of the reason was that the social audit was new to AP, unlike Rajasthan where the MKSS had been conducting audits since the 1990s, and the local elites did not fully understand the implications of the audits. But equally, AP's bureaucratized implementation structure meant that the panchayats were not directly implicated; thus they had little stake in the audit.<sup>12</sup> Further, local bureaucratic resistance to implementing the audit was curbed by the RD department, which had, by virtue of rules, control over local administration. The contrast between AP and Rajasthan

highlights that institutionalizing social audits is perhaps easiest when it is a bureaucracy (social auditors in this case) holding a bureaucracy (local officials) accountable. However, the AP experience also highlights that a parallel top-down bureaucracy to undertake the audits can limit the game changing potential of social audits from the bottom-up.

The other reason to push social audits from above is that they need external facilitation. Not only is the audit process complex (documents have to be accessed, compiled and demystified – for which capacities need to be built), but in order for communities to participate and speak, they need to be provided with secure platforms. In AP for instance, the local tehsildar (revenue officer) is required to attend the gram sabha to ensure that people can speak freely. Added to this, as the corruption unearthed through the audit becomes complicated, so too does the audit process. Social audits can no longer be limited to scrutinizing muster rolls and mobilizing people to give testimonies; they also require scrutinizing worksites and analyzing technical documents like measurement books. Arguably, parts of the social audit in AP now resemble more traditional audits. So perhaps then, a top-down model is necessary if social audits are implemented at scale.

To be fair, in its intent, the AP model has been sensitive to the need for creating a local popular movement. For this reason, the audit is conducted through village social auditors, local youth often from wage-seeking families. The motivation is to build grassroots civic capacity that could, over time, translate in to a genuine bottom-up demand for change. However, for the moment, there is little evidence of this demand. Respondents to the survey participated in the social audits from a distance – they answered queries from social auditors, attended meetings and occasionally spoke. In a sense, they were spectators albeit engaged spectators of the social audits. When asked whether they would conduct audits on their own, 92% said no or were unsure.

To conclude, the experience with implementing social audits in AP highlights the inherent tensions between traditional modes of politics that rely on the contractor-bureaucrat nexus and new forms of accountability that delink electoral politics from service delivery. On the one hand, a “bureaucratic” top-down implementation system coupled with an equally bureaucratic audit process ensures that accountability systems are in fact institutionalized. But this bureaucratized

implementation and auditing runs the risk of keeping the political system outside of its fold – when in fact the local political dynamic is the key driver of the corruption market. The gains from the social audit have been significant, particularly in reducing wage-related thefts. However, the long-term effects of the audit will depend on its ability to balance this tension between bureaucratic systems and political accountability.

#### **4. Concluding Reflections**

We conclude by returning to the question we posed when we started our investigation in to the social audit process – how does a hierarchical, top-down state respond to efforts to make it directly accountable to its citizens? AP’s experience with social audits as a tool through which citizens can make direct accountability claims on the state presents a complex picture. Social audits have undoubtedly served to strengthen citizen engagement by ensuring that key state actors participate in public meetings, listen and respond to citizen complaints. But the audit does more than simply bring the state to people. It provides information about the program and serves to shift the nature of their interaction with the state, even if briefly, from petitioners and passive recipients of government largesse to active citizens receiving explanations for decisions taken. These interactions are different from deliberations in other public spheres where the discussion between the state and citizens is mostly in the framework of the latter petitioning the state and competing to stake claims in programs and for benefits. In these interactions, the state is not obligated to justify its decisions. The social audit changes this dynamic. In the long run, these interactions have the potential to significantly enhance people’s civic capacity.

Has enhanced civic engagement pushed the state to respond? The increased interactions and public pressure generated through the social audit have undoubtedly contributed to increasing state answerability as evidenced by the testimonials of MGNREGA staff in our qualitative interviews. They have also led to some degree of enforcement, albeit not elimination of wage-related thefts, which is a significant achievement. However, the squeezing in on wage-related thefts has been accompanied by a rise in material corruption. These shifts are not unusual. Any reform that aims to transform the status quo will naturally be confronted with resistance and distortions from those affected by it. But for social audits, the analytical question is whether and

how the audits, in their current design, will be able to confront these distortions and resolve the conflicts that emerge from these distortions. Our assessment is somewhat pessimistic.

This pessimism arises, for one, from the limitations of the current implementation architecture of MGNREGA to respond to social audit complaints. Weaknesses in administrative organization – excessive workload, bureaucratic fragmentation – are the primary reason for this. But perhaps the bigger problem lies in the micro-politics of AP and in the dynamics of the interaction between local politicians, MGNREGA bureaucrats and the social auditors. Excessive bureaucratization of the MGNREGA and the social audit has resulted in creating a system where intense political competition for rents from MGNREGA is juxtaposed against a system that places accountability claims squarely on the bureaucracy. The bureaucracy implements the MGNREGA and through the social audit is held accountable for it. However, it is the politicians that drive the MGNREGA corruption market. And the bureaucracy, at the lower levels at least, is unwilling to take on this political nexus, as their own appointments are politically motivated.

It is our contention that these alignments will only shift when political actors are also made responsible for actually delivering MGNREGA through panchayats. In the short term, more politics may well result in additional distortions. But in the long run, bringing panchayats in could serve as an opportunity to shift accountability to politicians.

Finally, our analysis reveals some inherent tensions in the audit itself. An apolitical, bureaucratic, top-down audit has admittedly served well, perhaps even been necessary, to institutionalize the process. However, it is yet to develop a social base and evolve into a genuine demand for accountability. For the moment the social auditors are the “social audit” while citizens remain active, engaged spectators. The future potential of the social audit as a tool for bottom-up accountability will depend on how these tensions resolve themselves.

## Annex

**Table A1: Nature of complaints in the sample villages in Medak mandal (over different rounds of social audits)**

Village	Village A					Village B					Village C					Village D					
	Round				Survey Response																
1	2	3	4	1		2	3	4	1		2	3	4	1		2	3	4	1		2
Unmet demand for work																					
Attendance not taken on muster/fraudulent muster																					
Job cards not issued/updated																					
Incorrect wages/wages not paid/delays in payments																					
Benami names																					
Inflated measurement																					
Fake works																					
Material fraud																					
Use of machines																					
Bank/PO (#)																					
No compensation for injury																					
Poor facilities worksite facilities																					
Records not shared/submitted																					

Source: Social audit reports, survey data and qualitative interviews.

Notes: (#) wrong account number, passbook not received, BPM withholds payments/passbooks, demands money for issuing passbooks

1, 2, 3 and 4 denote the four rounds of social audits in these villages respectively in the years 2007, 2009, 2010 and 2011. Survey Response represents the findings from the primary survey.

**Table A2: Nature of complaints in the sample villages in Pappanapet mandal (over different rounds of social audits)**

Village	Village E					Village F					Village G					Village H				
	Round				Survey Response															
	1	2	3	4		1	2	3	4		1	2	3	4		1	2	3	4	
Unmet demand for work																				
Attendance not taken on muster/fraudulent muster		█	█					█				█						█		
Job cards not issued/updated/pay slips not distributed			█		█			█					█				█	█		
Incorrect wages/wages not paid/delays in payments			█		█		█	█				█			█		█	█		█
Benami names		█	█				█			█										
Inflated measurement												█						█		
Fake works		█					█													
Material fraud			█		█		█	█				█	█		█			█		
Use of machines																				
Bank/PO (#)		█	█				█					█						█		
No compensation for injury							█													
Poor worksite facilities						█														
Records not shared/submitted		█					█													

Source: Social audit reports, survey data and qualitative interviews

Notes: (#) wrong account number, passbook not received, BPM withholds payments/passbooks, demands money for issuing passbooks

1, 2, 3 and 4 denote the four rounds of social audits in these villages respectively in the years 2007, 2009, 2010 and 2011. Survey Response represents the findings from the primary survey.

**Table A3. Resolution of grievances: Perceptions of Survey Respondents**

	Nos.	Had a complaint	Had a complaint + were aware of audit *	Raised complaint to auditors	Said complaints were not resolved	Said complaints were partially resolved	Said complaints were fully resolved
Category 1	43	18	12	10	7	2	1
Category 2	34	17	17	16	16	-	-
Category 3	28	16	12	6	5	-	1
Category 4	101	100	100	93 (#)	84	4	5
Total	206	151	141	125	112	6	7

Source: Survey data

Notes: \* Awareness of any one of the following: door-to-door verification exercise, gram sabha or mandal level public hearing.

#: That not every one of category 4 respondents said they had registered a complaint appears dichotomous given that these were wage seekers whose complaints featured in social audit reports. However, it is possible that the audit clubbed their names as part of a consolidated complaint (e.g. wages not paid on time), without them being aware that their complaint was registered.

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## Notes

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<sup>2</sup> <http://125.22.8.66/SocialAudit/AboutUs.jsp>. Last accessed July 5, 2013.

<sup>3</sup> For reasons on why AP was successful in institutionalizing social audits, see Aiyar et al (2011).

<sup>4</sup> See Aiyar et al (2011) for a detailed description of the evolution of the social audit.

<sup>5</sup> Phrase borrowed from Cooberidge et al (2005).

<sup>6</sup> A majority of those with complaints were aware of the social audit. Among those aware, 125 raised their complaints during the audit.

<sup>7</sup> In 2010, the Department of Rural Development, AP, set up a vigilance cell to monitor progress on redressing grievances. In addition, the Department organizes a monthly meeting to monitor progress on social audit reports and also takes policy decisions based on findings. Between 2011-12, a number of reforms aimed at tightening up the grievance redress process were introduced. These included, besides mobile courts, creation of posts of independent ombudsmen at the district level, a toll-free number linked to an online complaint system and a legal aid cell. It also passed the Promotion of Social Audit and Prevention of Corrupt Practices Act, 2012 that recognizes social audits as a compulsory statutory process and brings offences proved in a social audit under criminal law. Since most of our grievances relate to a period before these measures were introduced, our study was unable to trace their impact on extent of grievance redress.

<sup>8</sup> Power-point on social audits by Director, SSAAT, presented at Hyderabad, May 10, 2013

<sup>9</sup> GoAP has also introduced a number of IT enabled innovations such as e-muster rolls and smart cards that may have contributed to making wage related thefts harder. While there is no empirical evidence on impact, during fieldwork many interviewees referred to the positive role of these IT innovations in reducing wage theft.

<sup>10</sup> Discussions with SSAAT director, 2011.

<sup>11</sup> Odisha, Chhattisgarh and Tamil Nadu too have social audit societies, but there is no record of the number or regularity of social audits undertaken by them.

<sup>12</sup> See Aiyar et al 2011 and Shankar 2010.