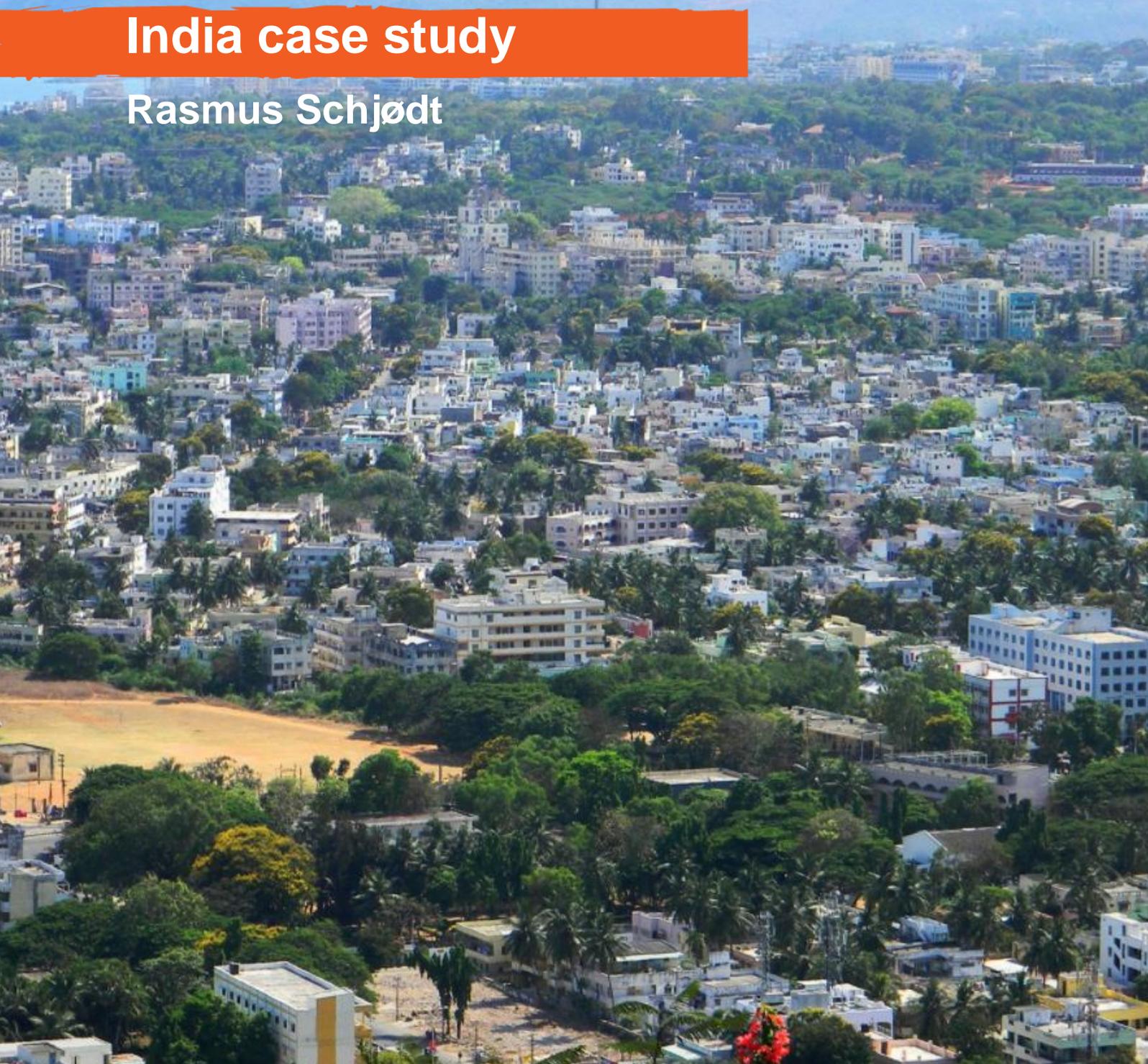


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# Social Accountability in the Delivery of Social Protection

India case study

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## Acronyms and vocabulary

Gram Sabhas	Village plenary meetings
Mandal	Sub-district or block office in Andhra Pradesh
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act (often referred to simply as NREGA)
MGRENGS	Mahatma Gandhi National Rural Employment Guarantee Scheme (often referred to simply as NREGS)
MKSS	Mazdoor Kisan Shakti Sangathan
MPDO	Mandal Parishad Development Officer
SSAAT	Society for Social Audits, Accountability and Transparency

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## Executive Summary

The social audits in India's Mahatma Gandhi National Rural Employment Guarantee Scheme (NREGS) are among the few examples of the use at scale of a collective social accountability mechanism in a national social protection programme. In their scope, and by the fact that they are legally required, the social audits in NREGS are unparalleled. This report reviews the existing literature on the NREGS social audits and draws out key lessons. The Indian context, with significant differences between states, provides a rich source of lessons of relevance to other countries aiming to strengthen implementation of social protection programmes through social accountability mechanisms.

While most states have only implemented the social audits sporadically, or not at all, in Andhra Pradesh social audits have been institutionalised and implemented across the state. The effective implementation of the social audits in Andhra Pradesh can be attributed primarily to a strong Chief Minister who saw a political advantage in implementing the audits – highlighting the importance of high level political support.

Following the conceptual framework of the research project on *Social Accountability in Social Protection*, the report looks at the key components of citizen and state action, mediated by the three levers of information, interface and civic mobilisation.

**Information** about entitlements among citizens is a key prerequisite for social accountability. Where social audits have been successfully implemented, there is evidence that they have been an effective tool for awareness raising about people's entitlements under NREGS. However, it is also clear that successful social audits require accessible information. In Andhra Pradesh, the Indian Right to Information Act, combined with an effective digital programme MIS, has made the necessary information readily available to auditors. In other states, without an effective MIS, lack of documentation has hampered efforts.

Information is a necessary, but not sufficient, prerequisite for strengthening accountability. Often **civic mobilisation** is necessary to enable citizens to demand accountability. In general, social audits do not seem to be an effective tool for civic mobilisation. Citizens in India often face strong local elites, who dominate local power relations, and a key reason for the success of social audits in Andhra Pradesh has been the decision of the state government to over-rule local elites. While citizens participate in the social audits in Andhra Pradesh, they do so on the initiative of the state bureaucracy. A key lesson is that, to be successfully scaled up, social accountability mechanisms most likely need to be institutionalised and led by the state.

In terms of **citizen action**, the experience of Andhra Pradesh shows that regular follow-up and feedback to citizens is important to demonstrate that the social audits are worth their time. There is also some indication that the strong presence of community based organisations in the state has played a role in building citizen confidence to participate in the social audits.

While Andhra Pradesh demonstrates the importance of high-level political commitment for implementing the social audits, it also shows some limitations to **state action**. First, even though Andhra Pradesh has stronger capacity than some other states, the bureaucracy still has limited capacity to respond to citizen demands. Responsiveness to the grievances

raised by citizens has been hampered by a lack of attention to reforming the bureaucracy and providing additional resources. Second, the internal accountability relations between different government departments, and barriers to sanctioning Indian bureaucrats, have also both limited responsiveness.

Ultimately, the evidence on the impact of social audits in NREGS is mixed. Despite some positive results, there are also signs that corruption has largely shifted from the most visible forms of fraud to less visible forms, without being reduced overall.

The literature points to several important factors for understanding the varying performance of the social audits in NREGS: the importance of local power relations and vested interests; the role of politics, both at the state and local levels; the importance of the inner workings of the bureaucracy; and the role of civil society. In relation to programme design, the limited results of the social audits, even in Andhra Pradesh, also point to the challenges of strengthening accountability in a programme as complex as NREGA. There are many ways that officials and politicians can divert funds in public works programmes, making these particularly vulnerable to elite capture.

## 1. Introduction

This report is part of the research project *Social Accountability in the Delivery of Social Protection*, carried out by Development Pathways with funding from the UK Government. The research involves a literature review and four case studies, which together inform the production of a guidance note and toolkit for the advisors of the UK Department for International Development (DfID) and other practitioners working in social protection.

The present case study report examines the social audits in India's National Rural Employment Guarantee Scheme (NREGS)<sup>1</sup>, which is one of the few examples of the use at scale of a collective social accountability mechanism in a national social protection programme. The report reviews the existing literature on the NREGS social audits, with the aim of assessing to what extent the audits have been successful in improving service delivery and state-society relations.

While the social audits in NREGS are probably one of the most studied social accountability initiatives in a social protection programme, and overall we assess the evidence base for answering the research questions as high, the literature nonetheless has some limitations. Firstly, many studies were carried out in the years immediately following the introduction of NREGS. There is a lack of newer studies from recent years, despite the fact that several important changes and innovations have happened since around 2010, in particular in the state of Andhra Pradesh. Given that social audits are likely to take time to be implemented effectively and to have an impact on service delivery and state-society relations, this is found to be a limitation of the literature. Secondly, most of the literature is focused on a few states, in particular Andhra Pradesh, which is the only state that has successfully institutionalised the social audits.

The report relies particularly on a handful of primary research studies of high quality, which have sought to assess the process and impact of social audits in NREGS:<sup>2</sup>

- In 2007, the World Bank, in partnership with the Rural Development Department of Andhra Pradesh, conducted a study on the effectiveness of implementing regular and sustained social audits in NREGS, using a panel survey. The study surveyed 840 labourers across three districts in Andhra Pradesh, asking the same set of questions to the same labourers three times over a seven-month period. Round one before the social audit to establish a baseline, round two one month after the social audit to determine the immediate effect of exposure to a social audit, and round three, six months later to assess how the effects change over time. In addition, a set of surveys were administered to 180 labourers one week after the social audit to gauge labourer perceptions of the social audit process itself. The results of the study have been described and analysed in Pokharel et al. (2008), Aiyar and Samji (2009) and Aiyar (2010).

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<sup>1</sup> The full name of the scheme is 'Mahatma Gandhi National Rural Employment Guarantee Scheme'. The legal Act that the scheme is based on is called the 'Mahatma Gandhi National Rural Employment Guarantee Act'. Throughout this report I use the acronym NREGS, unless specifically talking about the legal Act.

<sup>2</sup> In assessing the quality of research, I follow the guidelines of DfID (2014) 'Assessing the Strength of Evidence', How to Note, March 2014.

- Singh and Vutukuru (2010) carried out a quantitative survey in 55 treatment mandals (blocks) in Andhra Pradesh and compared with 55 control mandals where social audits had not yet been implemented.
- Shankar (2010) carried out a household survey involving over 2,000 individuals in each of the states of Rajasthan, Andhra Pradesh and Madhya Pradesh. This was combined with in-depth qualitative research in eight villages in Andhra Pradesh and Rajasthan and 10 villages in Madhya Pradesh. The research also involved reviews of official audit reports from 27 villages in the three states and focus group discussions in 27 worksites in these villages.
- Aiyar and Mehta (2013) carried out a household survey of 206 NREGS wage seekers in eight villages in one district in Andhra Pradesh in 2012. Results of the survey were combined with semi-structured interviews with key informants, as well as administrative data from three rounds of social audits.
- Rajasekhar (2013) conducted in-depth research into the effects of social audits in five Gram Panchayats in one district in Karnataka, based on focus group discussions, key informant interviews and review of documents.
- Afridi and Iversen (2014) used a unique panel data set assembled through extraction and translation of information from original social audit reports. The panel covers the years 2006-2010 and comprises official data from up to three rounds of social audits from an initial sample of 300 Gram Panchayats in eight districts of Andhra Pradesh.

Finally, Dutta et al. (2014) although not focusing specifically on social audits, provide key background information, having carried out one of the most comprehensive studies of NREGS. A panel survey of 3,000 households in rural areas of Bihar was carried out during the months of May and June in 2009 and 2010. The authors use the results of the survey and administrative data to address key questions about the performance of the scheme in Bihar, drawing on a variety of methods, including subjective assessments by respondents, observational (econometric) and experimental methods, and qualitative field work.

A lesson from the research on social audits in NREGS is the value of employing both qualitative and quantitative methodology approaches. Detailed micro-level qualitative research is necessary to uncover the particular causal mechanisms and contextual factors at work in the process of strengthening social accountability. Quantitative research is necessary to document trends, but may struggle to make sense of the very specific dynamics of local power relations and how these are influenced by social accountability initiatives.

This report is structured as follows: Section 2 briefly describes the methodology and theory of change of the research project. Section 3 outlines the context for social audits in NREGS. Firstly it looks, in sub-section 3.1, at the institutional and political economy context; then, in sub-section 3.2, outlines the design of the NREGS; and, finally, in sub-section 3.3, summarises its performance. Section 4 describes the social audits in NREGS. Section 5 then analyses these audits using the framework developed in our theory of change, breaking down social accountability into the following dimensions: information; civic mobilisation; interface; citizen action; and state action (see Ayliffe, Aslam and Schjoedt 2017). Section 6 assesses the impact of the social audits in NREGS on service delivery and state-society relations. Finally, section 7 draws out conclusions and lessons learned.

## 2. Methodology

The overall research project that this case study contributes to aims to answer four key research questions:

- 1) Where social accountability mechanisms have been used within social protection programmes, what are the intended direct and indirect outcomes (at household, community, state levels)?
- 2) What is the evidence of the impact of social accountability mechanisms in social protection programmes leading to improved service delivery outcomes and strengthening state-society relations?
- 3) Under what conditions have different social accountability mechanisms in social protection programmes been associated with improved service delivery outcomes; and strengthening of state-society relations?
- 4) What can be learnt from other service delivery sectors about the use of different social accountability mechanisms?

This report seeks to contribute to answering questions 1, 2 and 3, based on the existing literature on social audits in NREGA. The report employs the theory of change of the overall *Social Accountability in Social Protection* research project. For the purpose of our research, we define 'social accountability' in the following way: **Accountability** is the obligation of power-holders to take responsibility for their actions, it is a 'process by which public officials inform about and justify their plans of action, their behaviour and results, and are sanctioned accordingly' (Ackerman, 2005). **Social accountability** refers to 'the extent and capacity of citizens to hold the state and service providers accountable and make them responsive to needs of citizens and beneficiaries' (World Bank, 2013).

The theory of change, shown in Figure 1 below, builds on a framework proposed by Grandvoinet, Aslam and Raha (2015) and is set out in detail in Ayliffe et al. (2017). This framework breaks down the social accountability concept into the two main elements of citizen and state action, supported by three 'levers': information, civic mobilisation and interface.

- *Citizen action* is the central constitutive element of social accountability and may include demand making (for information, justification, or sanctions); protests against injustice; or claims for better public goods.
- *State action* is the second primary element of social accountability and may take the form of a positive response, for example improved services and reduced corruption, or a negative response in the form of repression and backlash.
- *Information flows* are essential for an accountable and responsive state that engages citizens in decision-making. These flows need to take place in various directions – from citizens to the state, from the state to citizens, between the various parts of civil society, and within the state apparatus. However, information or the existence of state-society interface does not necessarily spur citizen or state action on an issue.
- *Civic mobilisation* is often necessary to trigger and facilitate citizen 'voice', especially for vulnerable or marginalised individuals and groups.
- Similarly, it is necessary to bring citizens and state actors together in an *interface*.

Figure 1: Social accountability in social protection theory of change



Source: Ayliffe et al. 2017

### 3. Background

#### 3.1. Institutional context

The social audits in NREGS are implemented in a context of decentralisation to local democratic governance institutions with democratically elected councils at the town, district, block and village levels. These include village-level public meetings, *Gram Sabhas*, as well as devolution of decision making power to elected village-level government, *Gram Panchayats*, following the 73<sup>rd</sup> and 74<sup>th</sup> constitutional amendments passed in 1993 (Aiyar, 2009). While the Indian system is participatory on paper, *Gram Sabhas* are rarely held in practice, and when they are, participation is limited (Aiyar, 2010). Rao and Sanyal (2009) surveyed villages in south India and found that, on average, 83 people attended *Gram Sabhas* out of a population of between 2,000 and 10,000 people, depending on the state. While one third of participants were women and 37 per cent from lower ('scheduled') castes, neither group spoke up in the meetings. Upper castes were less likely to attend meetings, but more likely to dominate them when they did participate (Rao and Sanyal, 2009).

Even when *Gram Sabhas* are held, many authors argue that they merely serve to strengthen the existing hierarchies of power, based on caste, class and gender (Aiyar, 2010; Rao and Sanyal, 2009). However, there are also studies showing that where they are functioning, *Gram Sabhas* can create a rare space for public discussion about access to services among usually marginalised groups, and can contribute to strengthened accountability of local officials to communities: "As is well established, in the absence of a politics of accountability, citizen-state relations in rural India are embedded in relationships of patronage or 'gifts' from the state rather than in the framework of rights and responsibilities. The *Gram Sabha* provides the rural poor with a discursive space for the groups and individuals to stake their claim on the 'gifts' of the state." (Aiyar, 2010: 215).

Similarly, Heller et al. describe the public meetings as a way of "expanding the association field" between citizens and state actors (Heller et al. in Aiyar, 2010: 215). In other words, they increase interaction between citizens and state actors and enable citizen participation in local governance. They found that villages with greater participation in *Gram Sabhas* delivered more benefits to the landless and marginalised groups.

There are quotas for women to take up local political leadership positions, as well as initiatives to ensure participation of low-caste and indigenous groups (so-called 'scheduled castes' and 'scheduled tribes') in decision-making. While progressive in their intentions, these initiatives to increase participation take place within a context of traditional hierarchies and inequities that are deeply embedded in Indian society, and they have been implemented with mixed results (Aiyar, 2009). For example, while women may attend public meetings, they rarely participate in the discussions; and when upper caste citizens and land owners attend the meetings, they tend to dominate discussions and demand that their needs are prioritised. Nevertheless, the legal right to participate arguably constitutes a first step towards improving participation of marginalised population groups in India in practice (Aiyar, 2009).

On the basis of the shortcomings of the decentralised participatory governance reforms of the constitutional amendments in the 1990s, a new wave of rights-based legislation was

enacted by the United Progress Alliance (UPA) government, led by the Indian National Congress Party, between 2004 and 2014. As described by Aiyar and Walton (2014), the central goal of this effort was “[to shift] the governance paradigm, away from a clientelistic, predatory, exclusionary and corrupt state to one based on citizen’s rights to make claims over state actors. Increased transparency, participation and accountability were the key instruments through which this transformation was to be enabled”. The new rights-based legislation included the Right to Food, the Right to Services, and the Right to Work, in the form of NREGS, and much of the new legislation included various mechanisms for improving transparency and social accountability, including legally mandated social audits in NREGA (Aiyar and Walton, 2014).

An important cross-cutting piece of legislation is The Right to Information Act, which was passed in 2005, and provides an important legal framework for improving the access of citizens to information, including about NREGS and other social protection programmes. It provides citizens with the right to request any information held by the government (Aiyar, 2010). The Right to Information Act has been widely used by Indian civil society organisations to expose corruption in the Indian state. However, as with most legislation in India, there are significant gaps in implementation, and, as Aiyar and Walton (2014) argue, the wave of rights-based legislation that has been enacted in the last 10 to 15 years, including the Right to Information Act and NREGA, has not amounted to a significant shift in the power balance between citizens and the state.

That is not to say that the rights-based legislation, including the Right to Information and NREGA, has not had any effects at all, but rather that the outcomes are mediated by the way the new tools for transparency and accountability interact with bureaucratic structures, incentive systems and local patterns of political and civil society behaviour (Aiyar and Walton, 2014). All these elements must be considered when evaluating the success of rights-based legislation, including social accountability mechanisms, in improving service delivery and changing state-society relations in India.

### 3.2. The design and implementation of NREGS

The Mahatma Gandhi National Rural Employment Guarantee Scheme (NREGS) is one of the largest social protection programmes in the world. The Act underlying the scheme – the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) – was passed by the Indian Parliament in 2005 (Aiyar, 2010). This section provides a brief overview of NREGS, looking both at how it is intended to be implemented and how it operates in practice.

#### 3.2.1 Programme Entry and Entitlements

The NREGA provides all rural households with a judicable right (meaning that it can be upheld in court) to 100 days of manual labour employment (Dutta, 2014). According to the Act, employment has to be provided based on demand, in response to citizens applying for work through the *Gram Sabha* (Aiyar, 2010). If the work demanded is not provided within 15 days, the state government is obliged to provide citizens with unemployment allowances (Aiyar, 2010).<sup>3</sup> The fact that the programme is rights based, with participation

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<sup>3</sup> While the wages under the programme are centrally funded, the unemployment allowance have to be paid by the state government, which may explain why there are very few documented cases of unemployment allowances being paid.

based on demand, sets it apart from the vast majority of public works programmes in other countries.

Work is provided for building public assets, with the specific works to be determined by the *Gram Panchayat* in consultation with the *Gram Sabha* (Aiyar, 2010). The work is supposed to contribute to creating sustainable assets in rural villages to strengthen livelihoods, and includes for example the construction of feeder roads and ponds. The Act emphasises community participation in the selection of assets and includes several initiatives to ensure transparency and accountability to strengthen village-level governance (Dutta et al., 2014).

While employment is supposed to be provided on the basis of applications for work by citizens, made through the *Gram Sabha*, this is not how it works in practice. In most states, employment is provided by local officials based on considerations other than citizens' demand for work (Dutta et al., 2014). For example, in Andhra Pradesh, Aiyar and Mehta (2013) found that 72 per cent of respondents did not apply for work. Instead, the majority were selected for participation in the programme by local officials or politicians.

### 3.2.2 Registration

Each worker is issued with a job card. This, at least in theory, is an important means of transparency, as it is supposed to record work carried out by all adult members of each household. However, job cards are not always fulfilling this function, as described for example in Bihar, where poor knowledge of processes and high levels of illiteracy contribute to poor implementation. A third of workers in Bihar reported that their job card was held by the *Panchayat* President or other officials, rather than by the workers themselves as they are supposed to be. Other workers may not even be aware that a job card has been issued in their name and is held by a middleman or official. Administrative data showed that 61 per cent of rural households in Bihar had been issued a job card, but in a household survey only 34 per cent reported having one (Dutta et al., 2014).

### 3.2.3 Payments

Initially NREGS wages were paid in cash, usually by the *Gram Panchayat*, but in many states payments are now made directly to the bank accounts of beneficiaries, which are now also being linked to the Aadhaar national ID. Under the manual system, registration of work and payments are carried out by the same agency – usually the *Gram Panchayat*. This makes embezzlement of funds easier, as the money from inflated or fake muster rolls is controlled by the same person responsible for maintaining the muster rolls (Adhikari and Bhatia, 2010).

The benefit of transitioning to bank payments is that they separate the functions of registration and payments. However, bank payments are not immune to distortions by the exploitative relationship between citizens and the state. Research has shown how bank officials in some cases have simply been incorporated into the nexus of collusion between contractors and *Gram Panchayat* officials. Other ways to extract funds from the programme include elites extorting money from workers after they withdraw wages from the bank, or collecting signatures from workers on blank withdrawal slips (Adhikari and Bhatia, 2010).

### 3.2.4 Institutional Responsibilities and Capacities

In general, implementation of NREGA is hampered by lack of state capacity, in particular in some of the states where it is needed the most. The central government has identified lack of public awareness, mismanagement, and institutional incapacity as the three most significant factors hindering proper programme implementation (CAG, 2013).

Document and information management systems vary widely between states. 'Best practice' states with higher administrative capacity, such as Andhra Pradesh, have developed their own MISs as a way of improving transparency. At the national level, all information is collected in a national NREGS MIS and made public on the website of NREGS but, because of issues with collection of data at the local level, this may not reflect the actual situation on the ground in low capacity states such as Bihar. Data on whether action has been taken in cases of misappropriation of funds are not easily available in most states (Ehmke, 2015; CAG, 2013).

### 3.2.5 Grievance Redress Mechanisms

The NREGS Operational Guidelines of 2013 specifies that state governments must establish appropriate grievance redress mechanisms at the block and district levels (Government of India, 2013: 122). This should include multiple ways of registering a complaint, including writing to programme officers, through complaints boxes, and through telephone help lines. The guidelines include detailed specifications for how grievances must be registered and addressed. However, the extent to which the guidelines are implemented varies. In Bihar, grievances can be submitted in person, in writing, by telephone or through public meetings. Public meetings are held every week at the district level where citizens can voice grievances. Research in 2011 showed that about 80-120 complaints on average were received in the district meetings, and that it took at least three months to complete the entire grievance redress process. Together with other initiatives to receive complaints, this has enabled better registration of complaints, but more needs to be done to ensure that the reported grievances are actually addressed (Dutta et al., 2014).

As an additional mechanism for grievance redressal, the Act stipulates that special NREGS Ombudsman institutions have to be established in every district, where individuals and groups of workers can file complaints about the scheme. However, these institutions have not been appointed in all districts (Ehmke, 2015; CAG, 2013; SCRD, 2013). The NREGS guidelines also call for 'Vigilance Committees' to be established as a monitoring mechanism in all *Gram Panchayats*, but these rarely exist or function in practice. Monitoring in the field is limited, partly because of lack of capacity.

## 3.3. Performance of NREGS

### 3.3.1 Provision of work

While NREGS has provided lifesaving income support to millions of households across rural India since its inception, the promise of the programme to guarantee 100 days of work per household has not been fulfilled. In practice, work is provided based on supply, rather than demand, and the majority of households do not receive the number of work days they desire (Dutta et al., 2014; Desai, 2015).

Rationing of work occurs at different stages of the process, including in the process of getting a job card, and, for those who are able to secure a job card, in the process of subsequently getting work. For those who do manage to get work, there is further rationing of the amount of work they are provided (Desai, 2015). Across India, 19 per cent of households that did not participate in the programme would have liked to participate, and 60 per cent of those that did participate would have liked to work more days (Desai, 2015). The fact that employment under NREGS is heavily rationed in several ways has been documented by many researchers (Awasthi, 2011; Dutta et al., 2014; Aiyar and Mehta, 2013; Chopra, 2015; Ehmke, 2015; Das, 2013).

At the national level, poor households experience more rationing than higher income households, but this is mainly due to the fact that the states with the largest population of low-income households, including Bihar and Uttar Pradesh, are providing less work than many of the wealthier states. Looking at state-level performance, Dutta et al. (2014) found that NREGS' targeting performance is generally pro-poor (Dutta et al., 2014). Rationing of work can also be biased toward supporters of the local political leaders. Research has found that the percentage of households with job cards who got work were almost double in the village where the *Gram Panchayat* President resided, compared to other villages (Thapa n.d.-a).

The inclusion of women in the programme varies widely between states. In some areas, especially where many men migrate to other states for work, for example in Southern Rajasthan, women make up the majority of workers. This is also the case in southern Indian states. However, in other states, for example Uttar Pradesh, the conservative culture does not allow women to work outside the house (Dutta, 2015; Sudarshan et al., 2010; Ehmke, 2015; SCRD, 2013). According to a number of studies, women have been less involved in decision-making in NREGS than men (Holmes et al., 2010). Making NREGS' works and procedures more accessible for women is part of the current 2012-2017 five-year plan (Ehmke, 2015).

The problem of work rationing can to some extent be explained by requirements in the Act itself. Once demand for work has been registered, employment has to be provided, whether the state machinery is geared for it or not. Chopra (2015), describes one district official in Rajasthan who said he had been ordered to not give people work or provide receipts for work demanded, because the local authorities did not have the capacity to cope with the number of work sites that would have to be opened if all demand for work was registered. The Act also stipulates that if work is not provided after 15 days, the state government must provide unemployment benefits from its own budget. One way of not being liable for paying unemployment benefits is to not register demand in the first place (Chopra, 2015). In practice, there has been close to zero payments of unemployment allowances under NREGA (Hirway, 2012; Pankaj, 2012; Raabe et al., 2012). In 2010-11, the actual payment of unemployment allowances stood at only INR 123,589 (about US\$ 2,000) for all of India. In the two following years, no unemployment allowances were paid at all (SCRD, 2013).

NREGS' performance in the provision of work has declined over time. The number of households receiving employment dropped from 52.6 million in financial year 2009/10 to 47.9 million in 2013/14, with a corresponding drop in the number of work days provided. The average number of employment days has dropped from 54 in 2009/10 to 46 in 2013/14 (Desai, 2015).

There is wide variety in how well the programme has been implemented in the different states. Desai (2015) categorises the states based on low, medium and high participation rates. In the poorest-performing states, including Bihar, Gujarat, Haryana, Punjab and Maharashtra, less than 20 per cent of rural households participate in NREGS. In high-performing states, more than 40 per cent of households participate. The performance of states can generally be explained by both state capacity and the level of commitment from the top leadership. It is not surprising that a state like Andhra Pradesh, with high capacity and strong commitment, has been successful. Interestingly, Chhattisgarh is an example of a poor state, with low economic and organisational capacity, where strong commitment to NREGS has facilitated civil society involvement and led to high public awareness. This in turn has boosted demand for work that the state is committed to delivering (Thapa n.d.-a). On the contrary, Gujarat is an example of a wealthy high-capacity state where NREGS has performed less well because of a lack of political commitment.

In one of the most comprehensive and rigorous surveys of the impact of NREGS, Dutta et al. (2014) employ a panel survey carried out in Bihar in 2009 and 2010. The authors verify that there is large unmet demand for work on NREGS. They also find that about 20 per cent of wage payments are unaccounted for, most likely as a result of leakage (Dutta et al. 2014). Qualitative research found that the poor performance of NREGS in Bihar is due partly to lack of information about the scheme among the population, but also because of a number of specific supply-side constraints to work provision, including poor implementation capacity and weak financial management and monitoring systems. This causes unpredictable work provision, delays in wage payments, and general deviations from the operational guidelines of the management of worksites.

Not all difference in performance can be explained by state level variables. Desai (2015), using data from the Indian Human Development Survey (IHDS), finds that differences between states only explain about 17 per cent of the variation in access. Differences between districts within the same state explain about 22 per cent, while difference between villages in the same district explain about 36 per cent. The remaining 25 per cent of variance is due to differences among individuals in the same village (Desai, 2015). This is an important finding, as it suggests that differences in NREGS performance are generated at multiple levels, particularly at the village level. This makes sense, as the primary responsibility for generating demand for NREGS lies with the village level *Gram Panchayats* (Desai, 2015).

### 3.3.2 Payment delays

NREGA is an immensely complex programme to administer, and in most states the state is simply not up to the task. The programme requires an army of MIS officers, field mates and technical engineers measuring the work done at each work site. If these people are not well trained, have too much work, or are simply not recruited, the calculation of wages will suffer. The lack of capacity to carry out this work leads to workers consistently being paid less and later than they expect, which reduces their motivation to take work under the scheme (Chopra, 2015). As Chopra (2015: 17) quotes a worker saying: 'I would rather work for lower wages on a private landowner's farm and be assured that I will get my wages at the end of the day, than work in MGNREGA and not know when and how much wages I will receive.' Payment delays are likely a main factor leading to the decline in demand for work on NREGS in many states (Ehmke, 2015).

There are many qualitative reports of partial payments and long delays in workers being paid what they are owed. This has also been confirmed by quantitative surveys. In the second round of the household survey carried out in Bihar by Dutta et al. (2014), 67 per cent of the sample households' female participants had been paid in full by the time of the survey, while this was the case for 72 per cent of the men. Women who had not been fully paid were on average still owed 75 per cent of their wages, whilst unpaid men were waiting for 57 per cent of theirs. Besides general delays in payments, the data also seem to suggest that women might be less able to demand their payments than men (Dutta et al., 2014).

### 3.3.3 Corruption, leakage and elite capture

Aiyar and Mehta (2013) provide a detailed description of what they call the 'market of corruption' in NREGS. Corruption in the programme happens at different scales. At the smallest scale, some Field Assistants borrow job cards from compliant job card holders for a small price, adding their names to the muster roll and pocketing the wages. At the largest scale, a network of local elites and NREGS staff may make up an entire work site and split the entire budget between themselves (Aiyar and Mehta, 2013). The market for corruption functions like a syndicate, which derives its power from political connections. One important characteristic of this fraud is that the large-scale versions are committed outside of the direct view of citizens. This type of corruption is well documented in most public services in India (Aiyar and Mehta, 2013).

Rectifying these shortcomings and making the scheme genuinely demand-based would require both a) enhanced administrative capacity for implementation and monitoring, and b) far greater public awareness about obligations, rights and rules of the scheme, with more active public mobilisation and better mechanisms for addressing grievances (Dutta et al., 2014). As Dutta et al. (2014) emphasise, doing one without the other is likely to have little impact (for a similar analysis see also Aiyar and Walton, 2014).

## 4. The Social Audits in NREGS

### 4.1. Overview

The NREGA mandates that social audits are conducted in every *Gram Panchayat* every six months. In their scope, and by the fact that they are legally required, the social audits in MGNREGA are unparalleled as a social accountability mechanism in a social protection programme. The social audits in NREGS are intended as a mechanism for improving citizen monitoring to strengthen accountability of state officials to citizens. They are a direct result of the process that led to the NREGA: civil society organisations had a significant influence on the formulation of the Act; and the social audits were originally developed as a part of the right to information movement, spearheaded in particular by the civil society organisation Mazdoor Kisan Shakti Sangathan (MKSS) in Rajasthan.

The social audits have two direct objectives. First, to create a space where citizens can meet agents of the state to question and monitor them. Second, to minimise the leakage of funds and improve service delivery (Aiyar and Mehta, 2013). More broadly, they arguably perform three functions central to democracy: they inform citizens, they encourage participation, and they create a sense of civic responsibility by bringing people together to address issues collectively (Chandoke, 2007 in Aiyar and Mehta, 2013). Social audits are intended to enable citizens to 'see the state' by facilitating access to government records and providing opportunities to question and confront officials directly (Aiyar and Mehta, 2013). They enable the use of information provided through the Right to Information Act to 'close the accountability loop' by making officials answer questions from citizens and creating pressure for them to respond to charges of misconduct (Aiyar, 2010).

The NREGS operational guidelines stipulate that the *Gram Sabhas* must undertake social audits of the works executed in each *Gram Panchayat* at least every six months. It also states that the social audit should include public vigilance and verification of all the stages of implementation (Government of India 2013). The social audits are legally mandated through Section 17 of the Act. The latest operational guidelines from 2013 also specify that state governments have to establish or identify an independent 'Social Audit Unit' (Government of India, 2013). The *Gram Panchayat* has to provide all the required information to the auditors, in compliance with the Right to Information Act. The auditors then verify the documents by interviewing beneficiaries and checking the worksites. Findings are presented at a public hearing where villagers are encouraged to speak up and where government officials are required to be present and must account for any irregularities. The final audit report is then prepared and remedial actions initiated by programme coordinators (Government of India, 2013).

However, in practice, the degree to which social audits have been implemented varies considerably across states. Generally, most states have only implemented the audits sporadically (Emhke, 2015; SCRD, 2013; CAG, 2013). One of the exceptions is the state of Andhra Pradesh, which has from the beginning institutionalised social audits and is now implementing them across the state.

## 4.2. Social Audits in Andhra Pradesh

Andhra Pradesh has been a front-runner in NREGA implementation in several ways, pioneering the use of MISs, involvement of civil society, and the institutionalisation of social audits. Whereas most states have either not implemented the social audits at all, or have implemented them only in an *ad hoc* way, Andhra Pradesh has carried out systematic and standardised audits in all districts of the state, completing an average of two rounds of audits in each *Gram Panchayat* between 2006 and 2010 (Afridi and Iversen, 2014). In 2011, the NREGS Audit of Schemes Rules were revised to call upon states to replicate the institutional model of Andhra Pradesh by establishing dedicated social audit units, but so far only five states have done so (Emhke, 2015).

Given this, it is useful to explore in more detail the process for carrying out social audits in Andhra Pradesh. In 2006, the state government set up an independent institution for implementation of the social audits – the ‘Strategy and Performance Innovation Unit (SPIU)’ under the state Rural Development Department (Afridi and Iversen, 2014). Three years later, responsibility for social audits was transferred to the ‘Society for Social Audits, Accountability and Transparency (SSAAT)’, an autonomous arm of the Department of Rural Development established specifically for this purpose. The SSAAT Director is an independent consultant and not a part of the state government (Afridi and Iversen, 2014). The SSAAT employs more than 1,000 staff and coordinates more than 100,000 Village Social Auditors (Maiorano, 2014).

The Andhra Pradesh model of social audits includes the following steps (Aiyar et al, in Subbarao et al., 2013):

- 1) Notification to the relevant sub-district or block office (called *mandal* in Andhra Pradesh), requesting unrestricted access to muster rolls and other relevant documents, under the Right to Information Act.
- 2) A team comprising state and district auditors travel to the *mandal* headquarters. There they recruit and train (in a two-day workshop) village social auditors on NREGA rights and regulations, how to conduct the social audits, and how to obtain information under the Right to Information Act. These local auditors are NREGA beneficiaries and residents of the *mandal*.
- 3) Over a period of about a week, the social audit teams organise social audits in all *Gram Panchayats* in the *mandal*. In each *Gram Panchayat*, the official expenses – as provided in the official muster rolls and files – are verified by visiting labourers listed in the muster roll, with their data compared to the official data. Any complaints encountered are recorded and attested using a standardised audit report template. The team is also mandated to carry out worksite inspections to verify material expenditure.
- 4) Once audits are completed, a public hearing at the *mandal* level is organised, with mandatory attendance for all the implementing officials. Those present typically include workers from the villages in the *mandal*, the social audit team, the branch post master, key implementing officials, members of the Vigilance Cell, elected representatives and a district-level ombudsman. At the public hearing, complaints are read-out, testimonies verified and accused officials given an opportunity to defend themselves.
- 5) Following the public hearing, a Decision Taken Report is created by the officer presiding over the hearing. The report attributes responsibility for any misconduct to specific officials.

- 6) Until 2010, the mechanism for addressing issues brought up in the social audit and documented in the Decision Taken Report was weak, relying on officials to follow up on findings. However, in 2010 the state set up an independent Vigilance Cell in the Department of Rural Development (Aiyar et al. 2013). Unfortunately, most of the research that has been done on the impact of social audits in Andhra Pradesh is based on data from before 2010, so we do not know whether the strengthened grievance redress mechanism has made a difference.

*Box 1: The independent grievance redress system in Andhra Pradesh*

In 2010, Andhra Pradesh introduced a Vigilance Cell in the Rural Development Department to ensure follow-up and enforcement of social audit findings. The cell is headed by a Chief Vigilance Officer who is directly accountable to both the commissioner and the Principal Secretary of Rural Development. In 2011, a new post for a District Vigilance Officer was created to facilitate direct redressing of grievances and follow-up of the social audit at the district level. People filling this post are usually state cadre officers who have retired from the government. No District Vigilance Officer can be posted in his or her native district. The district officers report to the Chief Vigilance Officer at the state level and to the Programme Director at the District level.

Within 24 hours of the social audit, signed copies of the Decision Taken Report are sent to key officials for follow-up. A copy of the report is also sent to the data entry company to ensure quick computerisation of the social audit findings. The original is retained by the SSAAT. At the district level, responsibility for follow-up lies with the programme director and the District Vigilance Officer. Within 3 days of report receipt, these officials send a report of their own for approval of actions to be taken.

Once this is approved, follow-up is initiated. This includes issuance of 'show cause notices' (implicated staff are given 15 days to respond as well as an opportunity for a personal hearing) and of charge memos, and initiation of criminal investigations. District vigilance officers are expected to issue these notifications within 7 days for approval. If they fail to do so, disciplinary action is taken against them. In addition, a letter is sent by the programme director to the Mandal Parishad Development Officer (MPDO) to initiate action in all other cases, such as cases in which monies are to be recovered and implementation processes are to be streamlined. The government has established several key processes for monitoring follow-up, including monthly follow-up meetings by the Vigilance Cell in coordination with the social audit team and relevant officials from the implementing agency. Action Taken Reports are uploaded on an intranet within the SSAAT website. While the MPDO updates these reports as and when actions are taken at the *mandal* level, the Vigilance Cell approves final changes to these reports. Finally, the SSAAT team prepares a monthly rapid social audit report and shares it with the Principal Secretary of Rural Development.

*Source: Aiyar et al, in Subbarao et al. (2013): Chapter 11*

When the state relied on officials to follow up on the findings of social audits, actual grievance redressal was limited. This was partly because officials did not have an incentive to follow up on complaints lodged against their staff, and partly because auditors did not have capacity to follow up on the audits (Aiyar et al. nd). With the establishment of a 'Vigilance Cell' (see box 2, above), the grievance and redress mechanisms were separated from each other: the social audits became a way to unearth information and provide a platform for people to voice grievances, while the grievance redress was the mandate of the independent Vigilance Cell (Aiyar et al. nd). The vigilance cells can initiate criminal investigations based on findings from social audits, but they do not have the power to investigate beyond the issues identified in social audits (Aiyar et al. nd).

It is worth noting that the cost of implementing the social audits in Andhra Pradesh has been quite low, amounting to only between 0.5 and 1 per cent of the annual NREGS

expenditure in the state. The central government issued a circular in 2012 earmarking up to 1 per cent of annual NREGS expenditure for social audits (Afridi and Iversen, 2014). DfID funded the pilot phase of the social audits in Andhra Pradesh, but the subsequent scaling up was funded from the administrative budget of NREGS (Singh and Vutukuru, 2010).

The Andhra Pradesh model is a remarkable example of the state opening itself up to criticism and putting in place strong institutions for social accountability. It is an interesting example of state institutions working together with citizens to strengthen accountability (Aiyar, 2010). It is perhaps telling that the only state that has been successful in implementing the social audits has done so by taking the initiative to institutionalise the social audit process. One of the likely reasons why social audits have only been sporadically implemented in most states is that it is unrealistic to expect beneficiary-led audits to arise spontaneously (Afridi and Iversen, 2014).

## **5. Outcomes and impacts of the Social Audits**

In this section, I analyse how the social audits have performed according to the various elements of social accountability in the theory of change of the research project, namely: information; civic mobilisation; interface; citizen action; and state action (Ayliffe et al., 2017).

### **5.1. Information**

Information flows are essential for an accountable and responsive state. Effective social accountability requires information that is accessible and is used effectively. In relation to social accountability in social protection, a number of factors are important when it comes to information (Ayliffe et al., 2017):

- All citizens must be able to understand whether they are eligible for the social protection programme or not;
- Those who are eligible must be aware of their entitlements, including how much they should receive and when and how to receive the payments;
- Since social protection beneficiaries are often highly vulnerable, information must be accessible and appropriate to poor, vulnerable and marginalised individuals and groups, especially including people with disabilities and older people, and to both men and women;
- Citizens must know how they can raise a concern if the state does not fulfil its obligations; and
- For social accountability to improve service delivery, local officials must have the information necessary to be able to respond to citizens in a positive way.

The provision of work under NREGS depends on citizens demanding work. The effective implementation of the scheme is therefore particularly sensitive to the need for potential participants to know about their rights, and to have the ability to claim these rights. This is to some extent intentional, as the civil society designers of the Act envisioned NREGA as a mechanism for empowering and mobilising citizens to demand their rights, and not just as a means of providing income security. Provisions of the Act, such as mandatory information and education campaigns along with statutory access to grievance redressal mechanisms, are therefore particularly important for the scheme's functionality (Ehmke, 2015).

To increase awareness of rights, the Act requires state governments to carry out Information and Education Campaigns, and the central government co-funds these. The Operational Guidelines also require the display of a chart with all central information about the Act at each worksite. However, as with most provisions in the Act, these elements have not been implemented well in all states (Ehmke, 2015).

Several studies have found that low levels of information about NREGA is a significant factor contributing to the poor performance of the programme (Dutta et al., 2014; Aiyar, 2009). Aiyar and Mehta (2013) found that important information about the programme was not being shared, with 97 per cent of respondents saying that a field assistant or mate had not given them information about the wage rate before they started work.

Dutta et al. (2014) found that in Bihar, knowledge is lower for women than for men, and higher for those who are better educated. Perhaps surprisingly, they found that the sharing of information between men and women within the household appears to be weak. Most men and three quarters of women had heard about NREGA, but most were unaware of their precise rights and entitlements under the scheme (Dutta et al., 2014). In particular there was a low level of understanding of how to obtain work: only 37 per cent of men and 11 per cent of women knew that households have a right to 100 days of work per year; 57 per cent of men and 51 per cent of women knew that both men and women can work; 6 per cent of men and 2 per cent of women knew that work should be provided within 15 days of having demanded it; 44 per cent of men and 21 per cent of men knew what wage should be paid; and 12 per cent of men and 8 per cent of women knew that it should be paid within two weeks. Many of the attributes that determined whether individuals had heard of NREGS – being male, having higher levels of education, being Hindu and having political connections – also influenced knowledge of the various aspects of the scheme (Dutta et al., 2014).

Several studies have found that living in a village with good relations between different village groups, or with less asset inequality, significantly raises the probability of knowing the details of the programme (Desai, 2015; Dutta et al., 2014; Singh and Vutukuru, 2010). Villages where the Panchayat President lived also had higher levels of knowledge (Dutta et al., 2014).

While not assessing the social audits as such, Alik-Lagrange and Ravallion (2016) provides interesting insights into the opportunities and limitations of providing information about NREGS. The paper presents the results of an experiment where a movie on NREGS was shown in randomly selected villages in Bihar. The paper found that spillover effects – where people who saw the movie told others about what they learned – accounted for about one third of the average impact of the information campaign. However, the research also showed how this word-of-mouth dissemination of information benefited different groups to different degrees. Disadvantaged groups in terms of caste, landholding, literacy and consumption poverty benefited less from the spillover effect. For poor people, the direct effect of watching the movie was the only effective way for them to get the information, and the research even found indications of negative spillover effects for illiterate and landless households, potentially indicating that they were given wrong information.

This finding is important, because it indicates that information campaigns have to directly target disadvantaged groups in order to be effective (Alik-Lagrange and Ravallion, 2016). The results of the movie experiment also suggest that social cohesion and social networks are important for effective knowledge dissemination about public programmes. Other studies have similarly found that people with stronger social and political networks are more likely to know about NREGA and its rules (see Desai, 2015).

To the extent that they are well implemented, social audits can be an effective way of increasing awareness among disadvantaged groups, because audit teams spend significant time – at least three to four days – in the villages interacting with beneficiaries and discussing various aspects of the scheme with them. At the end of the process village meetings are organised, where information about the programme is disseminated (Aiyar, 2010). The social audit therefore functions as a very intensive form of awareness-raising campaign.

Perhaps unsurprisingly, this results in large effects on awareness levels. A 2007 World Bank survey of 840 labourers in three districts in Andhra Pradesh, found that before the social audit, 39 per cent said that they had heard of NREGS. After the social audit, 98 per cent said that they had heard of the scheme. Before the social audit, only 31 per cent of respondents were aware that they are entitled to 100 days of work. Immediately after the social audit, 88 per cent were aware of this, and six months later it had increased to 99 per cent. The numbers were similar for questions testing people's knowledge of other aspects of the programme, for example that the use of machines is forbidden and that the scheme is demand-based (Ayar, 2010). The increase in information about the programme was especially pronounced among women and scheduled castes/tribes. Burra (n.d.) also found, through qualitative research, that people in Andhra Pradesh perceived the social audits to have had a much larger impact on their awareness of their entitlements under NREGS than previous awareness-raising programmes.

While social audits can increase knowledge among beneficiaries, social audits also depend heavily on the availability of information. Easy availability of information has been a key factor in the success of social audits in Andhra Pradesh, where information about aspects such as works, expenditure, and wages paid is accessible through the programme MIS (Shankar et al., 2010). At an early stage, the Andhra Pradesh government hired a leading Indian software company to develop and maintain a comprehensive MIS for NREGS. This allows up-to-date data to be captured at the block level (Singh and Vutukuru, 2010). This is critical in helping social audit teams to verify information and communicate in a clear manner with beneficiaries (Shankar et al., 2010).

The effective use of ICT for programme management and monitoring in Andhra Pradesh is contrary to the situation in many low performing states. For example, a social audit in Bihar found that it was in many cases impossible to carry out verification of basic information, as job cards and muster rolls were poorly maintained. The audit team found that only very few job cards had been filled out, regardless of whether a household had worked on the programme or not.<sup>4</sup>

## 5.2. Civic mobilisation

The movie experiment described above illustrated that even for people who experienced a significant increase in knowledge from the movie, it did not lead to an increase in the extent to which people sought or obtained employment. This indicates that lack of information might not be the binding constraint to NREGS implementation in Bihar (Ravallion, 2015). In addition to information, civic mobilisation is usually also necessary to enable citizen 'voice', especially for marginalised individuals and groups. In general, the effectiveness of social accountability initiatives depends on having civic mobilisers in place with the capacity to mobilise citizens and state officials. In strengthening civic mobilisation for social protection programmes, there is a need to:

- Overcome challenges related to the individualised nature of social protection programming (people may not have an incentive to come together around what are usually individual grievances);
- Avoid co-option of community committees by state actors;

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<sup>4</sup> Social Audit Report, Jamua Gram Panchayat, Araria Block, Araria District, 17-23 December 2009, Jan Jagaran Abhiyan.

- Avoid relying on overburdened and under-resourced community volunteers; and
- Overcome disconnects and power imbalances between local and higher levels of the state (Ayliffe et al., 2017).

In general, India has many civil society organisations and associations of various kinds, many of which are member-based and some of which have millions of members across the country. For example, Andhra Pradesh is well known for its vast network of village-level Self-Help Groups and community-based organisations, and these have played an important role in implementation of NREGS in the state. Aiyar and Mehta (2013) found that 77 per cent of survey respondents in their sample were associated with one or more of these groups. However, membership in a group does not necessarily translate into participation in decision-making – only about 50 per cent had attended a meeting in the village to discuss community issues, and 79 per cent had never met, called on or petitioned local politicians (Aiyar and Mehta, 2013).

Another survey found that 75 per cent of the surveyed households in Andhra Pradesh had attended a *Gram Sabha* in the last year, while only 35 per cent had in the neighbouring state of Tamil Nadu. People in Andhra Pradesh also had stronger networks, with over half of the sample in the survey belonging to social and political networks (compared to 27 per cent in Tamil Nadu).<sup>5</sup> Only eight per cent of households in Andhra Pradesh did not belong to any network. Those who belonged to networks were more likely to be aware of the process of deciding which assets to work on in MGNREGA, and the facilities to be provided at work sites. In addition, individuals belonging to the same caste as the Panchayat President were more aware (Shankar and Gaiha, 2011).

In theory, the social audits serve as a way of mobilising citizens to demand information and explanations from officials and to demand accountability from them, based on the democratic village plenary meetings, the *Gram Sabhas*. However, as already mentioned, *Gram Sabhas* in most states are not functioning as intended. Civic mobilisation in India often faces resistance from local elites as well as having to overcome inaction of citizens due to deeply entrenched distrust of the state (Aiyar, 2009). One of the original motivations for the design of NREGS as a demand-based programme was the hope that this would spur mobilisation of citizens to demand their rights from the state, and thereby shift the balance of power from state officials to citizens. Since the NREGA was to a large extent designed by activists and representatives of civil society organisations, this aspect of civic mobilisation was given a central place in the Act.

Mansuri and Rao (2013) make the useful distinction between ‘organic’ and ‘induced’ participation. NREGA originally grew out of a successful ‘organic’ civil society movement – the Right to Information movement spearheaded by the civil society organisation MKSS, based in Rajasthan (Aiyar and Mehta, 2013). The Act was largely designed to provide the tools and incentives for this kind of organic participation or mobilisation to happen in NREGS. However, this model largely failed to scale up. In Rajasthan, the birthplace of the social audits and the Right to Information movement, the scaling up of the social audits faced strong resistance from local political leaders, and, in response, the state leadership stopped the process of institutionalising the social audits (Aiyar and Mehta, 2013).

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<sup>5</sup> The study uses participation in a *Gram Sabha* within the last year as an indicator of political connectedness, and membership of a Self-Help Group, credit or savings group, religious groups, trade unions, caste associations, agriculture/milk associations, or a women’s/farmers’/youth association as indicator of belonging to a social network.

In contrast, in Andhra Pradesh, the social audits have been successfully scaled up, but this has happened through a process of ‘induced’ rather than ‘organic’ participation. The social audit here has been institutionalised in the bureaucracy and is implemented as a top-down process. Citizens participate in the process, but this happens on the initiative of the state (more precisely the state bureaucracy) (Aiyar and Mehta, 2013).

It would therefore seem from the NREGS case, that to create successful and sustained civic mobilisation at scale, it has not been enough to rely on organic participation; a degree of induced participation has been necessary. One possible explanation for this is that it requires a bureaucracy to hold a bureaucracy accountable (Aiyar and Mehta, 2013). In addition, the social audit process is complex, and citizens are therefore likely to require the support of officials to carry them out. While some parts of the audit, such as checking muster rolls, may be relatively simple, others, such as examining worksites and analysing measuring books, are more demanding. As Aiyar and Mehta writes, “arguably, parts of the social audit in Andhra Pradesh now resemble more traditional audits”. Finally, marginalised people need secure platforms to be able to participate and speak out against officials and local elites, which require protection by the state. While a bureaucratic top-down process for implementing social audits may be necessary, as has happened in Andhra Pradesh, the downside is that it does not create the bottom-up mobilisation of citizens to demand accountability that was envisioned in the Act.

Another way of looking at various types of mobilisation and participation is Baiocchi’s categorisation of different types of state-society relations (Aiyar and Walton, 2014). This categorisation, as illustrated in Table 1, operates with two dimensions: a) the extent to which civil society is autonomous; and b) the extent to which there are institutionalised relationships between civil society and the state. India can for the most part be best characterised as a ‘bifurcated democracy,’ with strong autonomous civil society organisations, but no institutionalised and systematic venues for these to make claims on the state (Aiyar and Walton, 2014). While there are strong civil society organisations in India, they do not, in many cases, have good relations with the state (Chopra, 2015).

*Table 1: Civil society – state relations*

	Dependent	Autonomous
<b>Institutionalised</b>	Affirmative democracy	Mobilised democracy
<b>Discretionary</b>	Prostrate democracy	Bifurcated democracy
<b>Exclusionary</b>	Totalitarianism	Authoritarianism

*Source: Baiocchi, Heller and Silva (2011)*

This perhaps explains why India’s comparatively strong civil society organisations and movements have sometimes been successful in pushing for change but have had less success in creating sustained changes in state-society relations and service delivery. The initial MKSS movement for Right to Information, along with other examples, demonstrate the effect that powerful social movements can have in India. However, it also shows the challenges for these movements in spurring lasting change, even when they are initially successful. This can only happen when reform initiatives are aligned with political dynamics (Aiyar and Walton, 2014).

The involvement of civil society in the implementation of social audits varies significantly between states. For example, in Rajasthan, MKSS has been involved in organising the social audits, whereas in other states civil society organisations are not involved (Dutta, 2015).

There have been a few examples of successful mobilisation around NREGS. For example, the first ever instance of paying unemployment allowances was made in Bhadwani district in Madhya Pradesh, where a social movement had been able to organise workers and support them to claim their entitlement to unemployment allowances (Navak, 2008 in Chopra, 2014). In Gujarat, a civil society organisation established the first union of NREGS workers (Chopra, 2014). However, these examples are not directly linked to the social audits.

In general, it seems that the entrenched corruption and elite capture in India's villages has posed too high a barrier to civic mobilisation for the social audits to overcome. The rural poor in India are not in a favourable position to challenge dominant groups and there is pervasive elite capture. Especially in the poor northern Indian states, such as Uttar Pradesh and Bihar, elites maintain control over government institutions through "concealment of information, discriminatory patronage, and secrecy," despite the Right to Information Act and other rights-based legislation (Dutta 2015: 12).

The MKSS, which originally developed and advocated for the social audit mechanism, is a grassroots organisation that is comprised of a mix of social activists from other parts of India and marginalised groups from the areas where the organisation works in Rajasthan. Jenkins and Goetz (1999) describe the MKSS' success as unique and hard to replicate, because the civil society organisations that are necessary to organise social audits at the local level are themselves often implicated in the system of corruption. They predict that most civil society organisations are very unlikely to engage in social audits, a prediction that has largely been proven correct.

Andhra Pradesh has adopted an interesting approach to the involvement of civil society. The state government has largely shunned established non-government organisations out of fear that they are too embedded in the local corruption 'market' and too easily captured by local elites (in line with the argument of Jenkins and Goetz). However, other elements of civil society have played an important role in awareness raising and in organising social audits. The state has been supporting so-called *Shrama Shakti Sanghas*, which are small groups of 10-20 NREGS workers who unionise and train poor workers, and non-government organisations have been hired to provide training to these groups. There is anecdotal evidence of the groups successfully exerting pressure on local officials and facilitating improved performance of NREGS, because the groups and training bolsters people's 'political capacity' (confidence, skills, awareness and connections) (Maiorano, 2014: 101; Dutta, 2015). In addition, many of the District Resource Persons who facilitate the social audits are Dalit youth from NREGS worker families (Pande and Dubbudu, 2017).

The state government is now establishing federations of these labour groups at the village and block level. The idea is to empower these federations to decide the amount of employment to be provided and to propose the list of works to be taken up, as well as to decide whether the Field Assistant should keep his/her position (Maiorano, 2014). In the absence of functioning electoral accountability at the local level, this seems to potentially be a very important way to insert an element of downward accountability into the system, and potentially a radical transfer of power from the state to unions. This unionisation of NREGS workers could finally fulfil the original promise of NREGS to fundamentally change local power structures. However, there does not yet seem to have been research into how this experiment has worked so far, and whether the federations have been empowered to the extent described by Maiorano (2014).

### 5.3. Interface

As described in Ayliffe et al. (2017), an ‘interface’ can be understood as “a complex locus of interaction between state and citizen actors”. In other words, interface refers to the process of interaction between state and citizen actors, not necessarily to a specific institution or mechanism. Often the process of bringing state and citizens together, and the processes that lead up to and follows the interface, is as important as the outcome. As Ayliffe et al. (2017) notes, the effectiveness of the interface is likely to depend on the type of the interface and the degree to which most people are aware of its existence. It also depends on how credible and accessible the interface is, and whether there are interlocutors who are able to mediate effectively between citizens and state officials. In relation to social protection in particular, in order for interfaces to be effective, they have to be:

- Accessible and culturally appropriate for poor, vulnerable and marginalised men and women;
- Available to address different social protection programme functions and potential problems (individualised or collective, public or confidential, open to whole community or only eligible citizens etc.); and
- Able to involve state officials with authority to address citizens’ issues (or strong links to those who can).

There has been surprisingly little research on how beneficiaries and officials perceive the social audits in NREGA as an interface and whether the social audits have in fact changed the relationship between citizens and officials. Research by Aiyar and Mehta (2013) found that the primary mode of interaction between wage seekers (potential workers) and the NREGS administration was through the Field Assistant, and that workers were in a role of passive recipients, dependent on the Field Assistant to provide them with work, rather than in the role of citizens claiming their rights.

In this context, the social audit can provide an important way to shift the role of citizens versus the state. In the social audit, the state is made to answer for its actions and citizens are given an opportunity to scrutinise the actions of the state. In a survey of 206 workers, 92 per cent said that social audits were an effective way of interacting with officials and 85 per cent said that the audit had served to increase their confidence to seek information from officials about the NREGA (Aiyar and Mehta, 2013).

The social audit process provides several different ways of deepening the interface between citizens and the state around NREGS. First of all, the social audit process provides an opportunity for workers to raise their grievances. In their survey, Aiyar and Mehta (2013) found that 151 out of 206 said they had a complaint about the programme. Of these, 141 were aware of the social audit process, and 125 had actually raised their grievances during the social audit exercise. In addition, the public meetings held as a part of the social audits provide a platform for citizens to voice their complaints directly in the presence of officials. Twenty-two of the respondents said they had spoken publicly about their complaints at the *Gram Sabha* meeting and 14 had spoken at the *mandal*-level hearing. All of those who spoke said that they could speak freely at the meetings, without fear of repercussions (Aiyar and Mehta, 2013).

These numbers seem to show that the public meetings provide an important interface, but also that they do not provide a venue for all those with grievances to speak about them.

The social audit process provides an important 'sighting' of the state, and most respondents in Aiyar and Mehta's survey reported meeting with and complaining to the village social auditors. In addition, many respondents participated in the village level *Gram Sabhas* where frontline NREGS workers and social auditors were present. On the contrary, only a few people participated in the public hearing at the *mandal* level, but, for those who did participate, the hearing presented a rare opportunity to interact with officials (Aiyar and Mehta 2013).

#### 5.4. Citizen Action

Citizen action is the central constitutive element of social accountability. Citizen action can include demands for information, justification or sanctions; and/or protests against injustice or demands for better public goods. There are a number of drivers of citizen action (Ayliffe et al., 2017). Firstly, the anticipated benefits of taking action have to outweigh the costs and risks involved. People have to feel that they can raise their concerns without expecting reprisals, and expect that the state will take positive action. Secondly, the issue must be sufficiently important to people to warrant action – i.e. there must be a cost associated with inaction. Thirdly, the voices of the marginalised and excluded need to be heard and elite capture avoided.

As already mentioned above, one of the key barriers to citizen action in relation to NREGS is lack of knowledge, in particular low levels of awareness that the Act provides a right to 100 days of work. This means that very few people take action to demand work (Dutta et al., 2014). But we also saw that, in the case of Bihar, information is not always the binding constraint to action.

Another barrier is that marginalised groups in some states face very real risks of adverse consequences if they protest against corruption. Several incidents have been documented of activists involved in conducting social audits being beaten or murdered. In one case, lawyer and activist Ram Kumar Thakur was beaten up during a social audit process in Bihar and later shot dead, with the local Panchayat President as the main suspect (Down to Earth, 2013). In 2008, social activist Lalit Mehta was found murdered in the woods of Palamu District in Jharkhand. Mehta had helped the well-known economics professor and activist Jean Dreze facilitate social audits (Ehmke, 2015). A 2009 audit report from Araria District in Bihar described how a member of the audit team was beaten by supporters of the local Panchayat President at the public hearing itself in front of the participants.<sup>6</sup> World Bank (n.d.) noted that fear of reprisals was a main barrier to organising social audits in Orissa. Because of these issues, in Andhra Pradesh, the state provides police protection during the social audits (Dutta, 2015). However, even here, 55 per cent of social audit facilitators reported that participants in social audits occasionally experience reprisals (Pande and Dubbudu, 2017).

Afridi and Iversen (2014) confirm the importance of salience for beneficiaries in triggering action in the social audits. Complaints related to the provision of labour, which directly affects households, made up 87 per cent of all complaints in the social audits they examined in Andhra Pradesh. This was despite the fact that most of the actual fraud in the programme happened in relation to materials, not labour (Afridi and Iversen, 2014). This indicates that social audits, and perhaps social accountability mechanisms more generally,

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<sup>6</sup> Social Audit Report, Jamua Gram Panchayat, Araria Block, Araria District, 17-23 December 2009, Jan Jagaran Abhiyan

might not be effective at discovering and addressing leakage that is not visible and does not directly affect citizens.

Regular feedback and real-time grievance redressal is important for demonstrating to citizens that the social audit process is worth pursuing. Aiyar (2010) describes how regular follow-up in Andhra Pradesh worked as 'mini social audits'. Within a few months of the audit being completed, the state government instituted a process of regular follow-up where social auditors were required to go back to interact with social audit participants and monitor action taken on audit recommendations. Consequently, labourers were assured of feedback, which in turn built citizen trust in the process and resulted in a change in perception. When citizens saw that issues got resolved and there was follow-up, their interest in participating immediately increased (Aiyar, 2010). One month after the social audits the vast majority of labourers, 87 per cent, said that they would not conduct social audits on their own. However, six months later, after there had been follow-up on the findings of the audits, 95 per cent of the same labourers surveyed said that they would conduct a social audit on their own (Aiyar, 2010). The need for follow-up and feedback was also highlighted by the social audit facilitators surveyed by Pande and Dubbudu (2017) in Andhra Pradesh, who highlighted the need for immediate follow-up action after the social audits, as well as a public hearing to provide feedback to citizens on the action taken.

Shankar and Gaiha (2011) found that people were more likely to have lodged a complaint in Andhra Pradesh than in Tamil Nadu, and in qualitative follow-up research, interviewees in Andhra Pradesh described how this had changed over the years. Previously, only upper castes and local elites felt able to complain, but now there is large-scale participation, and women and lower caste groups are also able to speak to officials. One interviewee attributed this to the proliferation of Self-Help Groups, a notion that is corroborated by the quantitative evidence showing that most people in Andhra Pradesh are members of some association or group, and that this improves their awareness of their entitlements and ability to voice complaints (Shankar and Gaiha, 2011). On the contrary, in Tamil Nadu, fewer people are members of associations, few people are willing to complain, and they do not have confidence in the state to respond to complaints (Shankar and Gaiha, 2011).

## 5.5. State Action

State action is the second primary element of social accountability and positive state action is a prerequisite for realising social accountability, as defined above. Identified potential determinants of state action in the area of social protection include:

- Relevant officials have incentives (intrinsic or extrinsic) to address citizen concerns and/or face costs of inaction;
- Private sector providers have incentives to address citizen concerns;
- Staff who interface with citizens have the authority to resolve the issues, or influence with others who do;
- The state has the capacity (staff time and skills) to address the issues; and
- The state has the financial resources and allocative flexibility to address the issues.

State action has to be considered not only in relation to the follow-up to findings from social audits, but also in relation to institutionalising social audits in the first place. In most Indian states, social audits have never been carried out in a systematic way, and in some

cases not at all. Capacity issues play a role in explaining differences between states in terms of their responsiveness. Lack of human resources and weak financial management and monitoring systems in the poorer states lead to unpredictable work provision, delays in wage payments and other deviations from the guidelines (Dutt et al., 2014).

On the other hand, it is clear that capacity constraints cannot explain all the state-level variation. As already mentioned, some states with low capacity, such as Chhattisgarh, have been relatively successful, while some high-capacity states have not been very successful. Comparing states highlights the importance of political support for implementing the programme (Chopra, 2015). The main reason for Andhra Pradesh's good performance is that the social audits have had the political backing of a supportive Chief Minister and senior administration, which has not been the case in most states (Aiyar, 2010; Dutta, 2015). Incentives at all levels, not just the state level, are important. Incentives for local politicians to effectively implement programmes may depend on the power relations between local political actors. For example, Corbridge and Srivastava (2013) found that funds for Employment Assurance Schemes in India were more likely to be misappropriated where power was monopolised by one local political power-holder.

Aiyar and Walton (2014) describe how the unusually successful institutionalisation of the social audits in Andhra Pradesh happened as a result of a shift in the political settlement. NREGS was well aligned with the goals of the Congress Party, which won an unexpected election victory in the state in 2004. However, Andhra Pradesh had a very poor record of implementing previous food-for-work programmes, so the newly elected Chief Minister knew that something had to be done to make NREGS a success. He seized on the social audits as 'an opportunity to break the local contractor-politician-bureaucrat nexus and disempower local politicians' (Aiyar and Walton, 2014: 31). This curtailment of the power of local politicians proved essential for the implementation of both NREGS and the social audits in the programme. In Rajasthan, on the contrary, it was the local politicians who mobilised in resistance to the social audits and managed to prevent them from being institutionalised. Perhaps paradoxically, more central control and less decentralisation of decision-making power seem to be prerequisites for strengthening local accountability in a situation of pervasive elite capture at the local level (Aiyar and Walton, 2014).

In Rajasthan, parts of the state were vehemently against the social audits: following a social audit in 2009 which brought to light large-scale corruption in NREGA, local officials, elected representatives, state legislators and district officials joined forces to block any further civil society involvement in the audits (Chopra, 2015). The experience of implementing social audits in Rajasthan had negative repercussions in several different ways: civil society organisations became distrustful of the state; political actors at the local level developed an aversion towards implementation of NREGA; and, state actors developed a negative attitude towards civil society actors and the transparency provisions of NREGA. Finally, in the longer term, these experiences have resulted in workers losing trust in NREGA. People now see the state's bureaucracy as working together with local power-holders, and workers feel powerless to complain about corruption. Local power-holders have become averse to having anything to do with NREGA. Knowing that they would not have the resources to meet the demand for work, and having to answer for these shortcomings in public, they prefer not to implement it at all (Chopra, 2015).

The experience of Rajasthan shows how transparency mechanisms can have the unintended side effect of diminishing the incentives of officials to implement social protection programmes. By making the most visible and easiest forms of corruption more

difficult, local officials who would otherwise have had an incentive to boost the programme in order to increase their earnings from petty corruption, now prefer to limit their engagement in NREGS and instead focus on other schemes with easier ways of making money (Chopra, 2015).

The complexity of NREGA combined with the limited capacity of the Indian state have led to what Chopra (2015) calls a 'three-sided negative cycle' in Rajasthan. First of all, local power-holders do not want to implement NREGA. Second, workers have lost trust in the willingness of the state to provide work under NREGA and therefore do not put pressure on local officials to register demand for work. Third, higher-level officials have signalled that they do not want demand to be registered, because they do not have the capacity to provide work in accordance with demand and do not want to be forced to pay unemployment allowances out of the state budget (Chopra, 2015).

The reasons for the relative success of social audits in Andhra Pradesh, as well as the limitations even here, merit closer examination. A study by Aiyar (2010) based on a sample of workers participating in social audits in Andhra Pradesh showed that 88 per cent of those who had participated in the social audit said that grievances had been raised, and, of these, 84 per cent said the grievances raised had been resolved. It found that 82 per cent of labourers reported they thought that the social audits were an effective mechanism for resolving grievances (Aiyar, 2010). Similarly, Pande and Dubbudu (2017) analysed administrative data from the SSAAT and found that of the approximately 45,448 NREGA related individual grievances received between December 2015 and November 2016 by the official individual grievance mechanism (mainly phone based), 32 per cent were resolved through social audits.

After six rounds of social audits, SSAAT data reveal that nearly Rs. 230 million (US\$ 3.5 million) has been recovered from Rs. 1.41 billion (US\$ 22 million) worth of fraud found (about 16 per cent). Of the 49,194 officials implicated, some form of punishment has been imposed on 13,579. While 5,220 have been dismissed, another 1,230 have been suspended, and police complaints have been filed against 163. 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). In 2008, official data reported over 500 instances of contract staff having been dismissed as a result of the social audits and there are similar reports of embezzled funds being returned at public meetings (Aiyar, 2010).

It is possible to interpret these numbers in different ways. On the one hand, only a small amount of embezzled funds have been recovered and most implicated officials have not been punished. According to SSAAT, less than 5 per cent of the officials investigated for fraud were either removed or suspended (Pande and Dubbudu, 2017). On the other hand, this is the first time that the state government 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 (Aiyar and Mehta, 2013). There are several challenges that explain the limitation of state action, even in high performing Andhra Pradesh.

First of all, even though the bureaucracy in Andhra Pradesh has more capacity than in other states, the state is still relatively small compared to the obligations that are being placed on it. Block level officials have complained that their heavy workloads prevent them

from taking timely action in response to the findings of the social audits (Aiyar and Mehta, 2013). This is a general issue in India, and a key factor behind the failures of NREGS and the social audits. Social audits and other rights-based legislation has largely failed to transform state-society relation and improve service delivery in India because of the low priority given to increasing the capacity of the bureaucracy to respond to citizen demands: 'The Indian bureaucracy is notorious for its limited technical capacity, complex decision-making structures and inefficient workflows', and in general the government tends to overlook the need for allocating resources to administer new programmes (Aiyar and Walton, 2014: 58). By international standards, India's public administration is unusually small compared to the demands put on it, and the lack of human resources means that any attempt to tackle the issue of poor quality of service delivery is bound to have limited effects (Aiyar and Walton, 2014).

Secondly, state action in Andhra Pradesh is constrained by weak accountability between the Department of Rural Development and the responsible frontline officials. The Department of Rural Development does not have the power to initiate any disciplinary action against key officials involved in managing NREGS, because these are hired by the Department of Panchayati Raj. All the Department of Rural Development can do in response to social audit findings is to issue a letter to the department responsible for recruiting the given official (Aiyar and Mehta 2013).

It is generally very difficult to fire civil servants in India, where several provisions of the Constitution protect civil servants, particularly Article 311, which makes it difficult to remove or sanction them. Indian bureaucrats are well known for pressing their claims in court (Robinson, 2013). According to Maiorano (2014) the social audit sanctions mainly target Field Assistants, who are contract workers, rather than permanent state employees, and therefore much easier to fire. It is perhaps telling that more than 1,000 Field Assistants, who are contractors, were dismissed as a result of the first round of social audits, whereas by the end of 2007 only three civil servants had been placed under suspension (Singh and Vutukuru, 2010).

The combined protection of unions, politicians and constitutional provisions make it extremely difficult and time-consuming to punish guilty state officials. And the process must be started by the State Panchayat Raj Department, which does not share the same kind of commitment to the functioning of NREGS as the Rural Development Department. The Andhra Pradesh state government has tried to improve the follow up procedures, by introducing the independent Vigilance Office mentioned above, which has a mandate to address the grievances uncovered by social audits. However, The Vigilance Office lacks sufficient independence, as well as the power and resources, to fulfil its mandate of addressing the grievances identified through the social audits (Pande and Dubbudu, 2017).

Third, another limitation of state responsiveness in Andhra Pradesh is that NREGS is implemented by unelected officials, and, through the social audits, unelected officials are held accountable for it. In some ways, this has been a key reason for the success of Andhra Pradesh in implementing NREGS and the social audits. However, in reality, much of the corruption around the programme is still driven by local political actors, in particular the elected representatives at the Panchayat level, and the bureaucracy at the lower levels is 'unwilling to take on this political nexus, as their own appointments are politically motivated'. This is caused by the vertical integration of political networks in Andhra Pradesh, with strong support for local political elites from the top district politicians (Aiyar and Mehta, 2014: 24). Members of the opposition were not able to address local

corruption because of this strong connection. Senior officials have spoken in interviews about political interference to prevent effective sanctions against officials, and conflicts between the political elite and the bureaucratic elite in their application (Chopra, 2015). In summary, the social audits were not able to touch the political system of patronage at the core of corruption in local service delivery (Aiyar and Mehta, 2013).

## 5.6. Impacts on Programme Delivery and on State-Citizen Relations

There is limited evidence available on the impacts of social audits in NREGS. This is partly because the audits have not been implemented as intended in most states, but also because few of the studies examining the social audits provide rigorous evidence of impact. The available literature on impacts, which relates almost exclusively to Andhra Pradesh, is summarised below.

Aiyar (2010), found that, in Andhra Pradesh, entries in job cards increased from 39 per cent in round one to 99 per cent in round three of the survey, following the social audits. This is significant, as correctly filled out job cards have an important transparency and documentation function. There were also improvements in the provision of work site facilities required in the Act: drinking water availability went up from 79 per cent in round one to 83 per cent and 95 per cent in rounds two and three respectively. The presence of first aid facilities at work sites increased from 41 per cent in round one to 52 per cent in round two and 83 per cent in round three.

Afridi and Iversen (2014) used a unique panel data set assembled by extracting and translating information from original social audit reports to explore the impact of social audits in Andhra Pradesh. The panel covers the years 2006 to 2010 and comprises official data from up to three rounds of social audits from a sample of 300 *Gram Panchayats* in eight districts (Afridi and Iversen, 2014). Based on these data, the researchers find a positive but statistically insignificant effect of social audits on employment generation and no effect on the aggregate number of NREGS irregularities detected by the audit process. The change in easy-to-detect complaints, mainly related to the labour aspect of the programme, was not statistically significant. At the same time, there was a substantive increase over social audit rounds in complaints about harder-to-detect fraud related to material procurement (Afridi and Iversen, 2014).

The findings indicate that the social audits may be effective in detecting irregularities, but not in deterring malpractice, and that they seem to have the effect of shifting the way corruption takes place in NREGS from easy-to-detect to harder-to-detect approaches. Even if there was a small decline in labour-related irregularities, this has been more than matched by the increase in materials-related irregularities (Afridi and Iversen, 2014). The threat of punishment may not have been credible for higher level programme functionaries who are likely to be responsible for the harder-to-detect materials-related fraud. Most labour-related irregularities were pinned on local officials, especially the Field Assistant, who is a resident of the *Gram Panchayat* and therefore more likely to be susceptible to social pressure from the community than higher level officials who are not locals (Afridi and Iversen, 2014).

Just like many grievance mechanisms in social protection programmes, the social audits were effective in collecting grievances, but not in providing grievance redress (Afridi and Iversen, 2014). It is worth noting that the data used for this analysis predate the initiatives taken by the Andhra Pradesh state government in 2010 precisely to strengthen the

grievance redress system. That said, Aiyar and Mehta (2013) confirm the findings of Afridi and Iversen (2014), and also flag anecdotal evidence suggesting that the social audit has played a role in containing (although not eliminating) wage-related corruption. The dominant narrative amongst the social auditors as well as local stakeholders interviewed during their research is consistent with Afridi and Iversen's quantitative evidence: that there has been a shift to material corruption because the social audit has made petty, wage-related theft harder. Overall, 70 per cent of respondents said that the repeated social audits over time had not reduced corruption, but that it had stayed more or less the same, with most people relating this to issues of 'political connectedness'. Aiyar and Mehta (2013) also confirmed that the majority of respondents highlighted wage-related issues, as these are the most visible and affect beneficiaries most directly. One lesson is that social accountability mechanisms are likely to be more effective in addressing types of transgression that affect people directly.

Overall, less than one per cent of irregularities for which one or multiple programme functionaries were held responsible ended in termination/dismissal/removal from service or criminal action for both the periods under study, and also when extending the period until 2013 – after the new grievance redress initiatives were implemented in Andhra Pradesh. Furthermore, 87 per cent of the missing amounts were yet to be recovered (Afridi and Iversen, 2014). Similarly, according to SSAAT, less than 5 per cent of officials investigated for fraud were either removed or suspended, and the new Vigilance Office does not have the power and resources to fulfil its mandate (Pande and Dubbudu, 2017).

Singh and Vutukuru (2010) compared blocks in Andhra Pradesh where social audits had been implemented with similar blocks where it had not during 2006-07 and 2007-08. They found a statistically significant improvement in the number of days of work generated as a result of the social audits, which they attribute to the greater awareness generated, resulting in greater demand for work, and, thus, more work being provided. On the other hand, they find no improvement in the timeliness of payment – mainly due to technical issues in the payment process.

Shankar (2010) found that the social audits in Andhra Pradesh appeared to have increased awareness among villagers and contributed to increasing the monitoring of the programme, at least of the wage component, but in Rajasthan and Madhya Pradesh, elite capture had occurred. However, there are examples of districts in Rajasthan where social audits have been successfully implemented, for example in Dungarpur District. The successful examples seem to indicate the importance of commitment to the process by central bureaucrats, in particular the District Collector (Lakha, 2011).

The social audits in Andhra Pradesh remain a good example of how social accountability in social protection can be done in a systematic way. However, it also shows the challenges in keeping social accountability mechanisms effective as they are taken to scale.

Furthermore, attribution of changes in programme implementation to the social audits in Andhra Pradesh is made difficult by the fact that other changes to the programme took place at the same time. For example, Muralidharan et al. (2016) describe how the introduction of bank payments and biometric smartcards in the state led to a significant reduction in leakage of funds in NREGA between 2010 and 2012.

Given the mixed evidence of the impact of the social audits on deterring fraud, it seems unlikely that they are a primary factor in the success of NREGS in Andhra Pradesh. It is more likely that the same underlying explanatory variable explains both the successful

implementation of the social audits and of the scheme more generally. That variable is likely to be political commitment from the top state leaders. As Maiorano (2014) describes, political agency was the key element in changing the implementation of development policies in Andhra Pradesh from being rent-seeking devices to a means of winning votes. On the other hand, there is evidence that the social audits have at least been an effective instrument for awareness raising, and have therefore contributed to citizen demand for work under NREGA.

## 6. Analysis: explanations for performance of NREGS and the Social Audits

This section considers the importance of various contextual factors in the performance of NREGS and the social audits, as well as the importance of programme design features. The extremely diverse Indian context and the varying performance of NREGS means that there are many opportunities for comparing different areas to identify contextual characteristics that may influence the performance of the programme.

Aiyar and Walton (2014) conclude that the rights-based approach has largely failed to transform the behaviour of state actors in India because it has not been accompanied by changes in public administration and political processes. They conclude that social accountability mechanisms and rights-based legislation must be combined with administrative reforms and politics to transform state-citizen relations (Aiyar and Walton, 2014). While rights can play a part, they are unlikely to be the primary drivers of change, since state actors are “embedded in local political and bureaucratic processes that often have a different logic to that of the rights-based approach” (Aiyar and Walton, 2014: 6). The fact that most states have not implemented the social audits in any substantial way, points to the limitations of the rights-based approach to improving accountability.

In order to be effective, efforts to improve accountability must consider: a) the politics of reform; b) the functioning of the bureaucracy; and c) the role of civil society. Besides these three contextual factors, the literature on the social audits and implementation of NREGS more generally points to the importance of local power relations and inequality for understanding programme performance.

### 6.1. Local power relations and inequality

Implementation of NREGS should be seen in the context of decentralisation in India, which was initiated in 1992 with the 73<sup>rd</sup> amendment to the Constitution (Desai, 2016). NREGS builds on elected institutions at the village-, block- and district-level. However, despite the best intentions, the Indian experience of decentralisation and local democracy has mainly been one of elite capture. As Desai (2016) notes, the extent to which these local structures can ensure access to work entitlements for most people depends on the extent to which: a) a shortfall of work disproportionately affects the less powerful sections of society; and b) how the interests of village elites affect NREGS implementation.

One way to explain the successes and failures of NREGS and the social audits is therefore to examine the importance of local power relations. Social audits have met with substantial resistance from entrenched social and political interests in many parts of India (Afridi, 2008). Desai (2016) explains how in many areas farmers have great power locally; often the members of the *Gram Panchayat*, which play an important role in NREGS implementation, are farmers themselves or tend to prioritise the needs of farmers over those of labourers. Often, there is a conflict of interest between labourers seeking work on NREGS and local employers, who have an interest in keeping wages low (Desai, 2016). The locally elected leaders often are themselves members of local elites, such as employers and land owners, who are also the ones in charge of implementing NREGS. In Bihar, Dutta et al. (2014) found that it is the Panchayat President which has the most influence over participation in NREGS, and that having a Panchayat President who is employed in agriculture has a significant negative effect on whether villagers have heard of NREGS.

Rajasekhar (2013), based on qualitative research in five *Gram Panchayats* in one district in Karnataka, found that all the *Gram Panchayats* had organised social audits, but that the results had been limited, primarily due to the influence of local village elites. While the power-holders varied from place to place, a common structural conflict of interest was between farmers who employ agricultural labour and the rural labourers who are seeking additional work under NREGS. Because of the way NREGS interacts with local labour markets, the outcome of social audits and more generally the implementation of NREGS, is shaped by this conflict of interest between rural labourers and employers. NREGS offers alternatives to workers hiring out their labour, and thereby fuels fears among others, especially small-scale farmers, who depend on cheap labour. Many people in the latter group, which Thapa (2015) calls the 'precarious class', believe that NREGS raises the cost of agricultural labour and leads to labour shortages (Thapa, 2015).

Another important conflict of interest is caused by the requirement of the Act that the work has to be labour intensive. Contractors from the local elite, what Thapa (2015) calls the 'entrenched classes' derive much income from the use of materials and machinery contracted through them, and therefore have an interest in increasing the amount of money used for materials, and minimising what is used on labour (Thapa, 2015).

Research into the power relations and political alliances at the local level points to how NREGS can be well implemented in areas where labourers can form coalitions with elites. On the contrary, where they are isolated and pitted against the 'precarious' and 'entrenched' classes, there is very limited access to the scheme (Roy, 2015). For example, in one area the entrenched classes had mostly migrated, and the precarious classes were clashing with the labour classes over agricultural wages. Here there was very limited access to NREGS work. In another area, the entrenched classes forged an alliance with the labourers, making a profit from completing the work using machinery/materials, but paying workers for their unused labour. Where NREGS becomes part of a bargain, or political settlement, between the labour classes and other groups, it can potentially play a role in transforming power relations from hierarchical to more egalitarian ones (Roy, 2015). But in many cases the way the programme plays into local interests makes it less likely to be well implemented. In Andhra Pradesh, Veeraghavan (2017) found that smaller farmers are adamantly against NREGA, but that they do not have sufficient power to stop it from being implemented, because they do not have the support of large land owners, many of whom are living in the cities, are leasing out their land and do not feel threatened by NREGS.

Dutta et al. (2014) found that village-level characteristics are part of what is driving participation levels in Bihar: villages in which the Panchayat President resides or where s/he is a contractor are more likely to have work. Higher wealth inequality within the village is associated with significantly lower demand for work as well as lower participation in NREGS. Power relations in villages with higher inequality may mean that NREGS gets very little attention. Other studies have also found that land inequality is a significant variable for explaining access of marginalised groups to public benefits (Bardhan and Mookherjee, 2006). Shankar and Gaiha (2011) found that higher inequality of land holdings in a village led to lower levels of participation in *Gram Sabhas* and civil society organisations. This seems to indicate that social accountability mechanisms are unlikely to be effective in contexts of high inequality. In these contexts, it may be a more effective strategy to design social protection programmes that are less vulnerable to elite capture.

With respect to the social audits, it is very doubtful whether they will even be implemented in areas where the local power structures are not conducive to implementation of NREGS. And if they are, it is likely to be as a formality. The success of the state government in Andhra Pradesh has largely been because the government circumvented the local elites and implemented the programme directly through the state bureaucracy.

Underlying any accountability process is the power relations between those demanding accountability and those being held accountable (Lakha, 2011; Shore, 2008; Newell, 2006). Without checks on the power of those who oppose the audits, they cannot be effective and instead put at risk the safety of those attempting to conduct the audits. “Without confident assurance of enforcement, it is unlikely that those who are less privileged and lack the political clout will of their own accord demand accountability on a sustained and collective basis,” (Lakha, 2011: 16). The social audits seem to be unlikely to be effective unless they are backed by the state, as in Andhra Pradesh. Another strategy, and arguably the broader objective, would be to try to shift local power relations, but the social audits seem unlikely to themselves be an effective tool for this, especially in villages with very unequal power relations to start with.

## 6.2. The role of politics

Politics at the state level seem to be important for explaining why NREGS has been implemented well in some states, but not in others. It is telling that one of the key differences between Andhra Pradesh and other states is that in Andhra Pradesh, the state bureaucracy has taken direct control over NREGS, circumventing the corrupt local political structures (Dutta, 2015). Somewhat paradoxically, the commitment of Andhra Pradesh’ Chief Minister at the time to ensuring effective implementation of NREGA was combined with the liberal distribution of illicit funds from other sources, including land concessions, government contracts and mining (Maiorano, 2014). Furthermore, for several reasons, the power of this particular Chief Minister was sufficient for him to push through the social audits, despite resistance from his cabinet and other stakeholders. In addition, the Chief Minister understood very well the potential for social audits to weaken the local nexus between local politicians, contractors and bureaucrats, which fit well with his agenda of centralising power at the state level (Maiorano, 2014).

The backing of the state government in Andhra Pradesh for the social audits has been important for several reasons: to ensure that the necessary documents are made available to the auditors; to ensure the safety of the auditors (cases of violence are virtually non-existent in Andhra Pradesh, unlike in many other states); and to minimise the political pressure on the SSAAT Director (Maiorano, 2014).

This crucial support from the top state leadership has not been present in many other states. In Rajasthan, MKSS has campaigned for the right to information and right to work since 1994. The organisation played an essential role in demanding accountability and transparency in Rajasthan, with some success in the beginning (Lakha, 2011). However, as the social audits were beginning to be scaled up in the state, resistance culminated in the development of a broad coalition of state government politicians, local politicians and bureaucrats, who resisted audits supposed to be carried out by MKSS in 2007. When activists requested the necessary information from authorities, they were physically assaulted (Lakha, 2011). In 2010, 9,000 Panchayat Presidents went on strike to protest against the social audits. The Secretary for Rural Development argued that information

could not be released to the group because social audits under NREGS had to be conducted by *Gram Sabhas*, not civil society organisations (Lakha, 2011). Part of the reason for this violent resistance may have been that elections were about to take place and all state political parties rely on local leaders to mobilise political support for them. This explains why the state political elite chose to back the local leaders instead of civil society organisations – a choice that meant that social audits were never institutionalised in Rajasthan as they were in Andhra Pradesh (Lakha, 2011).

Local level politics can also play an important role in enabling or hindering programme implementation. In a context of local democracy as in India, one might expect the implication of politicians in corruption to make them less electable. However, there are indications that, in many cases, Indian local elections do not function well as accountability mechanisms. For example, in Andhra Pradesh, there is limited competition between parties, with local politicians shifting parties regularly to align themselves with the incumbent (Aiyar and Mehta, 2013). Aiyar and Mehta (2013) speculates that the social audits could strengthen the democratic public sphere at the local level over time. However, their ability to do so in Andhra Pradesh have so far been limited, because the social audits have not been linked to the political system and to elections. On the other hand, Maiorano (2014) did find that social audit teams in Andhra Pradesh find their work more difficult when a single party completely dominates an area, rather than if there is competition between various political interests.

Similarly, in West Bengal, it was found that where there was political competition at the village level, particularly between two parties, there was higher NREGS expenditure. This was also the case at block level in Rajasthan's swing constituencies, with the ruling party's fund disbursement to its base magnified to three times the norm. At state level too, political competition boosted outcomes, though political fragmentation did not make for an effective polity. Political parties felt encouraged to facilitate NREGS in areas where they faced a challenge from other parties. Such an increase in expenditure, in turn, improved a party's chances of getting re-elected. There is therefore a feedback effect on programmatic politics, indicating a shift away from clientelist, patronage-based politics (Thapa n.d.-b).

Aiyar and Walton (2014) also highlight the importance of reforms in electoral funding and inner party functioning for real change in the political system. The role and functioning of political parties in relation to accountability in social protection programmes is no doubt an area that merits more attention.

There is also reason to consider more carefully the nature of bureaucrat-politician dynamics. Gulzar and Pasquale (2015) present statistical evidence that the implementation of NREGS is substantially better where bureaucrats answer to a single politician than where they are supervised by multiple politicians. The study takes advantage of the fact that some administrative areas in India conform to a single constituency, while other areas cover constituencies of multiple politicians, creating different incentives for politicians to ensure implementation of development programmes. Politicians whose constituency overlaps with only one administrative area have a stronger incentive to push for quality implementation of development programmes.

### 6.3. The importance of the internal workings of the bureaucracy

We have already touched upon the issues related to the internal functioning of the bureaucracy in Section 3.5. These issues seem to be particularly important when it comes to state action. As mentioned above, one issue is lack of state capacity. However, an important barrier to state action in Andhra Pradesh is also the fact that the department responsible for the social audits and for grievance redress does not have the mandate to hire and fire the responsible officials. Sanctions have largely targeted contract workers rather than permanent state employees, as they are easier to fire (Maiorano, 2014). The combined protection of unions, politicians and constitutional provisions make it extremely difficult and time consuming to punish guilty state officials. And the process must be started by the State Panchayat Raj Department, which does not share the same kind of commitment to the functioning of NREGS as the Rural Development Department.

#### 6.4. The role of civil society

The importance of the role of civil society is described above in relation to civic mobilisation. To summarise, it seems that civil society, understood as NGOs or organised social movements, can play an important role in initiating accountability reforms, but to be effective at scale they need to be institutionalised with state support. It is not realistic to expect most civil society organisations to spontaneously start organising social audits, since most organisations will to some extent be part of the local elites. As described above, the state government in Andhra Pradesh has largely avoided established non-government organisations out of fear that they are too embedded in the local corruption 'market' and too easily captured by local elites (in line with the argument of Jenkins and Goetz 1999). Instead the state has supported small groups of 10-20 NREGS workers who unionise and train poor workers. There is some research indicating that this kind of civil society, understood as local community-based organisations, may play a positive role in the facilitation of the social audits. As noted above, there is anecdotal evidence of the workers' groups building 'political capacity' to pressure local officials, leading to improved performance of NREGS (Maiorano 2014: 101; Dutta 2015). In general, research has shown that Andhra Pradesh has a particularly strong civil society, broadly understood, with only eight per cent of households not belonging to any network, and there are indications that this has contributed to higher levels of participation in local decision making.

#### 6.5. Programme design

The fact that NREGA is an immensely complex programme to implement has important effects on the possibilities of strengthening accountability in the programme. One implication is that the effective implementation of the programme requires a high level of commitment from the top state leadership (Chopra, 2015). The fact that the Act depends on multiple and complicated processes for capturing demand, opening up work, measuring work done and providing payment to labourers, means that it requires a lot of commitment from the top state leadership to mobilise the necessary resources.

Aiyar and Walton (2014) provide an explanation for why the broader rights-based approach embodied in NREGA and the Right to Information Act have failed to change the power relations between citizens and the state in India, by pointing to the importance of politics and the internal workings of the bureaucracy. A central point is that an approach to strengthening accountability that is based on judicable rights is only appropriate in relation to the provision of services where outcomes can be easily monitored. They draw on Pritchett's distinction between 'thin' activities, which can be delivered by non-discretionary state action and in which outcomes can be easily verified – and 'thick'

activities which are more complex and where carrying them out effectively requires providers to tailor their actions to the specific conditions in which the task is being implemented, using high levels of discretion (Aiyar and Walton, 2014).

NREGS contains a mix of 'thin' and 'thick' accountability activities. Providing 100 days of employment to a rural household – the key objective of NREGS – is in itself a 'thin' activity. However, other parts of the programme entail 'thick' activities. For example, the identification of assets by the *Gram Panchayat* involves a complex participatory planning exercise through the *Gram Sabha* to develop a shelf of works by consensus. This is clearly a 'thick' activity, where it is very difficult to monitor and measure the performance of the responsible government official. Creating a judicable right to a participatory planning process does not make much sense in practice (Aiyar and Walton, 2014). In these cases, social accountability mechanisms will have to focus more on trust building and improving interactions between citizens and the state, rather than on a confrontational approach based on judicable rights.

An important point in this regard is that social protection programmes can be designed in ways that require 'thin' or 'thick' accountability. There is little doubt that universal and unconditional social protection cash transfer programmes would have been better implemented in India than a large public works programme, which is very complicated to administer and requires 'thick' accountability. Aiyar and Walton (2014) specifically use the example of providing a pension to an eligible old person as a task that is conducive to an approach to increasing accountability based on judicable rights – contrary to the complex and discretionary task of delivering a programme like NREGS.

All social protection programmes face risks related to error, fraud and corruption. However, as Subbarao et al. (2013) notes, these issues may be more acute in public works programmes. This is because of the large number of different actors involved and because they offer scope for rent seeking at many different steps of the implementation process: selection of projects and participants; flow of funds; purchasing of materials; monitoring of worker attendance and performance; and payment of wages (Subbarao et al., 2013). The specific design features of NREGS, and all public works programmes, therefore makes it very vulnerable to elite capture. A programme like NREGS seems particularly ill-suited to the Indian context of low state capacity and high levels of corruption. In addition, as described above, the way that a public works programme like NREGS influence the local agricultural labour markets has an important impact on the way the programme is perceived by local elites.

## **7. Conclusions and lessons learned**

In assessing the limited results of India's recent rights-based legislation, Aiyar and Walton (2014) argue that the key weakness has been a failure to let the new rights be accompanied by reforms of the bureaucratic and political systems. The experience of Andhra Pradesh in implementing NREGS also highlights the importance of rights and social accountability mechanisms not standing alone, but being complemented by top-down mechanisms such as fiduciary controls, and measures to strengthen internal accountability within the state (Subbarao et al., 2013; Aiyar and Walton, 2014). Andhra Pradesh has attacked the issue of accountability from several different angles, including through the social audits, by supporting local self-help groups, establishing independent government institutions for social audits and grievance redress, introducing payments through smart cards using biometric ID (see Muralidharan et al., 2016) and the implementation of a comprehensive MIS. The relatively successful social audits in Andhra Pradesh have also relied on a strong MIS and good monitoring procedures.

There seems to be a tension between social accountability resulting from bottom-up pressure from social movements, and an institutionalised form of social accountability. The lessons from India suggest that social movements can create changes, but that they will not be sustained unless they are institutionalised. This involves two things: first, the state has to be a willing participant in the broader accountability project and reform its internal mechanisms in a way that makes it structurally amenable to accountability; and second, the state needs to identify and adopt mechanisms to facilitate and strengthen civic engagement and citizen voice (Aiyar et al., 2009).

Another key point made by Aiyar and Walton (2014) is that reforms have to be aligned with politics to be successful. The main reason for Andhra Pradesh's success in implementing NREGS and the social audits was political commitment from the Chief Minister, who could see an electoral advantage in a well-implemented programme, and an opportunity for curtailing the power of local contractors, officials and politicians. On the contrary, in Rajasthan, and in most other states, there is no incentive for politicians and officials to implement social accountability mechanisms. This is particularly the case because the social audits employ a confrontational approach to social accountability.

Analysis of local power relations in the implementation of NREGS shows how the programme has significant implications for various class interests at the local level. This is because the programme affects the rural labour market and the bargaining power of rural labourers versus employers. But, it is also because of the potential for making money off the programme, for example through contracts and procurement of materials. Rather than attempting to use social protection programmes to change local power relations, which has failed in India, the better option might be to take these factors into account by designing social protection programmes in ways that make them less interesting to local elites or create incentives for ensuring good implementation, rather than the opposite.

In relation to programme design, the limited results of social audits even in Andhra Pradesh also point to the challenges of strengthening accountability in a public works programme. As Subbarao et al. (2013) point out, there are many ways that officials and politicians can divert funds in this type of programme, making it particularly vulnerable to elite capture. In addition, several parts of the programme require 'thick' accountability, and a judicable approach to accountability is therefore not suitable. An approach focusing

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more on trust building and improving relations between citizens and state actors may have been more suitable.

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