Holding Government to Account:
The Case of the National Rural Employment Guarantee Act (NREGA) in Andhra Pradesh, India

Authors
Mariandrea Chamorro, Jasmin Cho, Diane Coffey, Dane Erickson, María Elena García Mora, Payal Hathi, Jenny Lah, Piali Mukhopadhyay

Project Advisor
Jeffrey Hammer
All photos were taken in Warangal, Andhra Pradesh on November 5, 2009 at an NREGA social audit forum, a local-level meeting where citizens’ grievances can be publicly voiced and addressed. Photos courtesy of Dane Erickson.
## Table of Contents

Executive Summary ..................................................................................................................................................................1  
List of Acronyms ...................................................................................................................................................................2  
Glossary of Terms ..................................................................................................................................................................3  

### I. Introduction ........................................................................................................................................................................4  
A. The Purpose .....................................................................................................................................................................4  
B. Sources of Information ....................................................................................................................................................4  
C. Outline of the Report ......................................................................................................................................................5  

### II. Service Delivery and Accountability .................................................................................................................................5  
A. Service Delivery ...............................................................................................................................................................6  
B. Decentralization and Accountability in India ..................................................................................................................7  

### III. The National Rural Employment Guarantee Act (NREGA) and Social Audits .................................................................7  
A. Background on NREGA .................................................................................................................................................7  
B. The Aim of Social Audits vis-à-vis Information and Accountability ...............................................................................9  
C. The Grievance Redressal Process in the NREGA ............................................................................................................9  
D. Andhra Pradesh Compared to other States ....................................................................................................................14  

### IV. Survey Evidence on the NREGA & Social Audits in Andhra Pradesh ...........................................................................13  
A. Strengths and Weaknesses of the Data ...........................................................................................................................13  
B. The Implementation of NREGA in Andhra Pradesh .....................................................................................................13  
C. The Implementation of Social Audits in Andhra Pradesh ..............................................................................................24  

### V. Local Government and Participation: the Gram Sabha and Technology ...........................................................................28  
A. The Role of the Gram Sabhas .........................................................................................................................................28  
B. Technology as a Tool to Increase Participation and Accountability ................................................................................32  

### VI. Relevance of NREGA and Social Audits to Other Sectors ............................................................................................33  
A. Problems in Education and Delivery of Health Services ................................................................................................33  
B. Local Government Accountability Solutions ..................................................................................................................34  

### VII. Recommendations ..........................................................................................................................................................36  
A. Recommendations from the Analysis of the Surveys ......................................................................................................36  
B. Technology as a Support Mechanism .............................................................................................................................37  
C. Ensuring Ombudsmen Are Kept in Check .......................................................................................................................38  
D. Expanding the Role of Village Social Auditors (VSA) ....................................................................................................38  

References ..............................................................................................................................................................................39
Acknowledgements

We would like to recognize the following individuals who have contributed greatly to the findings of this report: The Honorable Mani Shankar Aiyar (Former Minister, Panchayati Raj Institutions, Government of India), Roberto Zagha (Director, World Bank, India), Yamini Aiyar (Director, Accountability Initiative, Centre for Policy Research), Joel Hellman (Advisor, World Bank, India), Guenter Heidenhof (Advisor, World Bank, India), Yongmei Zhou (Social Development Unit, World Bank, India), Raj Shekar (Director, Ministry of Rural Development, Hyderabad), Satya Vani and Sowmya Krishkidambi (Social Development Specialists, Ministry of Rural Development, Hyderabad). The team would also like to thank the local officials at Warangal, Andhra Pradesh, including the Mandal Development Officer, field and technical assistants, and village social auditors who facilitated the visit.
Executive Summary

The National Rural Employment Guarantee Act (NREGA) and its innovative use of social audits are designed to meet many of the current challenges in rural India. Passed into national law in 2005, the NREGA guarantees gainful employment for 100 days per year to members of rural households, providing local government structures with the authority and funding to implement the program. In principle, the NREGA meets the basic need for a social safety net for the poor, provides jobs, builds infrastructure deemed a priority at the local level, and provides dignity in the form of every day work. Social audits, one component of the NREGA, are a progressive means of keeping local governments accountable to their constituents; they fight corruption by promoting transparency and empowering local people to publicly proclaim their grievances.

In spite of a broad consensus about the impressive merits of the NREGA, some still criticize the program as excessively costly and corrupt with little tangible impact. This report considers the impact of the NREGA and social audits in relation to their original design in Andhra Pradesh, given this state’s reputation for relative successful implementation of the Act.

To complete the study, our group undertook extensive literature review, analyzed a series of 2007 surveys undertaken by the NGO Accountability Initiative, and in November 2009 visited Delhi and Andhra Pradesh to meet with government officials, advocates, and stakeholders. Our findings include the following:

- The data suggests a possible lack of consistency in the amount of payment laborers receive per day of work.
- The field assistants likely play a more powerful role in the implementation than designers may have anticipated.
- The supply of jobs provided by the field assistants may be a more important determinant of who gets NREGA work, and at what time, than demand for work by the laborers.
- Villages with high concentrations of scheduled tribes appear to be disadvantaged in many ways, including experiencing particularly poor NREGA implementation.
- Remote or poor villages as indicated by, say, a lack of paved roads, appear to have more challenges with NREGA implementation at baseline; however, they do not seem to fare worse with implementation of the social audit.
- The costs of participating in the NREGA might be more than merely a laborer’s time and effort: participation can be dangerous and can require that laborers provide supplies.
- Although “having a complaint” increases over time, actually making complaints does not, and attendance at a social audit forum appears unrelated to laborers’ complaints.
- At baseline, perceptions of NREGA are often more negative among lower caste groups and wage laborers; however, by several measures, perceptions improve by the end of the survey period.

Looking forward, our recommendations include the following:

- There is a unique opportunity for the NREGA to leverage the widespread use of current ICT technologies – particularly cell phones – in rural India to further enhance awareness and empowerment of the NREGA at the local level as well as provide more feedback information from citizens to relevant government stakeholders.
- The recent initiative by the central government to select ombudsmen in 100 districts from civil society to monitor the implementation of the NREGA is promising. At the same time, measures must be taken to guard against the potential of ombudsmen’s excessive autonomy and authority.
- To further the understanding and impact of the NREGA, Village Social Auditors should hold “Adult Education Classes” as part of mass awareness campaigns in their respective villages.
- If the use of social audits is extended to other programs such as health or education, they cannot be the only means to improve accountability. However, thematic meetings can be applied to these sectors along with other local accountability mechanisms.
- There is a need for extensive future research about how the NREGA and social audits are working, and in particular what impact they might be having in the lives of laborers.
List of Acronyms

AP       Andhra Pradesh
APREGS  Andhra Pradesh Rural Employment Guarantee Scheme
BJP    Bharatiya Janata Party
BPL    Below Poverty Line
GC     General Caste
G.O.Ms. Government Order (Manuscripts)
GP     Gram Panchayat
GS     Gram Sabha
ICT    Information and Communication Technology
MIS    Management Information System
MKSS   Mazdoor Kisan Shakti Sangathan
MPDO   Mandal Parishad Development Officer
NCAER  National Council of Applied Economic Research
NREGA  National Rural Employment Guarantee Act
NREGS  National Rural Employment Guarantee Scheme
OBC    Other Backward Classes
REGA   Rural Employment Guarantee Act
Rs     Rupees
RTI    Right to Information Act
SCs    Scheduled Castes
SHGs   Self-Help Groups
SSAAT  Andhra Pradesh Society for Social Audit, Accountability and Transparency
STs    Scheduled Tribes
VEC    Village Education Committees
VHSC   Village Health and Sanitation Committees
WDR    World Development Report
### Glossary of Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crèche</td>
<td>A day nursery for the care of young children.</td>
</tr>
<tr>
<td>Gram Panchayat</td>
<td>Local governments at the village or small town level in India. Panchayat literally means assembly of five wise and respected elders chosen and accepted by the village community. The Panchayat acts as a conduit between the local government and the people. Modern Indian government has decentralized several administrative functions to the village level, empowering elected Gram Panchayats.</td>
</tr>
<tr>
<td>Gram Sabha</td>
<td>All men and women in the village who are above 18 years of age form the Gram Sabha. The Gram Sabha meets twice a year. Meetings of the Gram Sabha are convened to ensure the development of the people through their participation and mutual cooperation. The annual budget and the development schemes for the village are placed before the Gram Sabha for consideration and approval. The Sarpanch and his/her assistants answer the questions put by the people.</td>
</tr>
<tr>
<td>Job Card</td>
<td>Legal document where number of days worked are recorded per villager in order to claim wages.</td>
</tr>
<tr>
<td>Lakh</td>
<td>Unit in the Indian numbering system equal to 100,000.</td>
</tr>
<tr>
<td>Panchayati Raj</td>
<td>Raj literally means governance or government. Mahatma Gandhi advocated Panchayati Raj a decentralized form of Government where each village is responsible for its own affairs, as the foundation of India’s political system. His term for such a vision was Swaraj (Village Self-governance). It was adopted by state governments during the 1950s and 1960s. Currently, Panchayati Raj system exists in all the states except Nagaland, Meghalaya and Mizoram.</td>
</tr>
<tr>
<td>Sarpanch</td>
<td>The Sarpanch is the Chairperson or head of the Gram Panchayat. The elected members of the Gram Panchayat elect from among themselves a Sarpanch and a Deputy Sarpanch for a term of five years. In some places villagers directly elect the Sarpanch. The Sarpanch presides over the meetings of the Gram Panchayat and supervises its working.</td>
</tr>
</tbody>
</table>
I. Introduction

Through its meticulous analysis of government expenditures, its ability to hold officials to account from these expenditures and spreading information, social auditing has the potential to transform governance in India. (Yamini Aiyar “A Fight For Better Governance,” The Hindustan Times, July 24, 2007)

A. The Purpose

India’s public sector has long been plagued by weak accountability measures and a lack of transparency in service delivery. The consequences are substantial, both in terms of persisting unmet needs at the population level and squandered government resources. This report examines issues of service delivery and accountability through the lens of India’s 2007 National Rural Employment Guarantee Act (NREGA).

The NREGA is a centrally sponsored program designed to provide economic security to the rural poor by guaranteeing 100 days of wage employment per household each year. Though not the first employment program launched by the Indian government, NREGA sets itself apart by legally guaranteeing employment and additionally mandating social audits (Stapenhurst 2007).

A social audit is a community-based auditing mechanism to promote greater accountability and transparency. In the context of NREGA, audits involve a series of procedures to monitor implementation of the program, ensure fair compensation of workers, and raise and redress grievances through public forums. Architects of the Act view this process as an essential component of effective NREGA enactment (Social Audit Tool for Empowerment), as well as an important vehicle for social mobilization and empowerment.

Though NREGA is a national Act, its planning and execution are the responsibility of individual states. We chose to focus our research on implementation within the southern state of Andhra Pradesh (AP). In 2006, the AP government launched the Rural Employment Guarantee Act (REGA) as its “flagship program.” Since the program’s initiation, the AP government has given particular attention to implementation of social audits, thus generating a number of important questions regarding how social audits work, what their effect is on REGA implementation, and how this ties into the broader discussion of public accountability. The aim of this study is to examine NREGA and the social audit process in one region of AP, and to consider their potential impact in creating social and economic change.

B. Sources of Information

The analysis in this report is based primarily on 2007 surveys of NREGA laborers and other key informants (hereafter, these surveys will be referred to as the AI dataset). The surveys were conducted in AP by Accountability Initiative (AI), an NGO associated with the Delhi-based Center for Policy Research. The surveys aimed to investigate various aspects of NREGA implementation, including social audit processes.

NREGA laborers were surveyed in the Medak, Khammam and Chuddapah districts of AP. In Medak, interviews were conducted in Doulthabad and Hathnoora blocks; in Khammam, Cherla and Dummugudem blocks were included; and in Chuddapah, laborers in Pullampeta and Obulavaripalle blocks were interviewed. These blocks were selected based on the state-level social audit schedule. Panchayats were chosen randomly from within the blocks, though only Panchayats with at least 40 names in the AP NREGA management information system (MIS) were eligible. Overall, 50 Panchayats were visited over three rounds of survey administration, though not all Panchayats were visited in all three rounds (rounds described in more detail below). Respondents were drawn from 72 different villages. Within Panchayats, job card numbers were chosen from the AP MIS database of workers, subject to the constraint that at least half of the sample be female and half Scheduled Castes (SC) or Scheduled Tribes (ST). 57% of the respondents in Round 1 were female, and 65% were SC or ST.

Data were collected in three rounds between April and November of 2007. The timeline in Figure 1 depicts the three rounds of interviews alongside agricultural seasons and the social audit schedule. Round 1 occurred prior to the social audit, while Rounds 2 and 3 proceeded the social audit. 872 people were interviewed in Round 1, between April and May of 2007. Since job card numbers – which were given at the household level, rather than at the individual level – were the unique identifier in the dataset, we do not know how many of the same people were interviewed in Round 3. However, 789 job card numbers that appeared in Round 1 also appeared in Round 3.

While Round 1 of the Laborer Survey was being collected, surveyors also conducted key informant surveys through convenience sampling. When they visited Panchayats, surveyors were instructed to identify an NREGA authority (the field assistant, the Gram Panchayat secretary, etc.) and interview him or her about the details of the scheme. Not all Panchayats in which the laborer survey was conducted have a corresponding key informant survey and in Round 1, more than one key informant was interviewed in 10 Panchayats. Because very few
key informant interviews were done after Round 1, we use only the key informant survey responses from Round 1.

Analysis from the AI data-set is complemented by data from the 2001 census, as some of the villages in the sample have corresponding census data. In Round 1, there are 36 villages with census data; 29 and 31 villages in Rounds 2 and 3, respectively, have census data. We also use demographic data from the 2002 Below Poverty Line (BPL) survey, Census 2001 data to construct village level variables, and data from the national NREGA website.

In addition to the AI Dataset, we were able to make comparisons to a 2007 dataset collected by the World Bank in Karnataka in which data were collected in poor rural districts to assess the effectiveness of decentralizing local budgeting decisions to village leaders. A series of questions on NREGA was included in the Karnataka dataset, allowing for comparisons with AP. The data set contains 3,998 respondents, though only 14% of those surveyed reported that they themselves or a family member had ever worked on the NREGA.

Finally, we have undertaken a literature review on local governance in India, accountability mechanisms, corruption issues in the local government, and potential implementation of similar accountability mechanisms to other public services, specifically health and education. The NREGA National and the Andhra Pradesh Society for Social Audit Accountability and Transparency (SSAAT) websites were also important sources of information.

1 It is possible that the census did not cover every habitation, or that new habitations exist in 2009 that did not exist in 2001. It is also possible that the census takers spelled the names of some villages differently than the survey team did, making it difficult to match villages in the census to those in the AP survey.

C. Outline of the Report

This report is divided into seven parts. Section II discusses the concept of government mechanism for delivery of services, and the role of accountability within such mechanisms. Section III gives a detailed description of NREGA. It further highlights how the AP government has executed the state program with particular emphasis on social audits, RTI and accountability. In section IV, we offer our analysis of the survey data from AP, including comparative analysis using the Karnataka data. Section V addresses the role of village participation in the Gram Sabha and the prospect of using technology to further participation and awareness. In section VI we discuss the relevance of NREGA and social audit process to other sectors, in particular, education and health. Lastly, we offer recommendations in section VII on how to further improve NREGA and the social audit process.

II. Service Delivery and Accountability

In recent decades, India has enjoyed impressive economic growth and a political system that much of the developing world can only envy. Since the reforms of the 1990s, India’s economy has taken off, averaging nearly 9% annual GDP growth rate in recent years. Politically, India boasts an open, multi-tiered democracy with “extensive participation in the political process by its poor and disadvantaged citizens” (Keefe-er and Khemani 2004, 935). Still, overall levels of health and education among the country’s poor remain abysmal. In spite of a thriving democracy and a growing economy, “basic public services have failed the poor” in India (Keefe-er and Khemani 2004, 935).
A. Service Delivery

The unsatisfactory state of public services is often cited as one reason India compares among the poorest countries in the world for literacy, schooling, morbidity, and mortality (Keefer and Khemani 2004). Unfortunately, India is not alone among developing countries in its lackluster service delivery performance to the poor. The World Bank’s 2004 World Development Report (WDR) highlights this problem, citing economic growth as “essential…but not enough” (World Development Report 2004, 2) to attain the goals of improving access to health, education, water, and sanitation services for the poor.

Why is the provision of basic services so unsatisfactory? In recent years, an increasing number of concerned parties have grappled with this question. In Holding the State to Account, Sam Paul suggests there are five main reasons (Paul 2002). First, resource constraints limit the heavy investments that are needed to achieve improvements. Second, service providing agencies are often incompetent and unmotivated due to poor management systems. Third, corruption is rampant at various levels within the system. Even at the lowest levels the “poor pay a larger proportion of their income as bribes than the rest of the population” (Paul 2002, 15). Fourth, civil society often does not put enough pressure on public agencies to improve. Fifth, government leaders do not prioritize the quality of public service provision; instead, “agency managers are more likely to be questioned by their superiors for failing to meet the expenditure targets” (Paul 2002, 25).

A sixth important and often overlooked reason for poor service delivery is “lack of demand” (WDR, 2004). The poor are often unaware of the services available to them and therefore do not capitalize on opportunities in their community. In other cases, the poor simply cannot afford to take advantage of services even if they are free of charge. For example, some may not have sufficient funds to travel to a health clinic, or may prefer to keep children at home to help with work rather than send them to school.

If the above-outlined problems hinder service delivery, what then are potential solutions? One popular notion that has arisen in the development field involves making both government actors and providers more accountable to those receiving services. Accountability can be defined as the function of ensuring “that those that wield power on behalf of others are answerable for their conduct” (Newell and Bellour 2002, 1). In a private competitive market, accountability is more easily achieved because clients pay providers directly for services rendered. If dissatisfied with the product, clients can “vote with their feet.” But what is the nature of these relationships in the realm of public service provision? One useful way to look at public service provision is through the lens of three sets of actors associated with the service delivery chain: clients (or citizens), policymakers (or the state), and providers. In the traditional model, accountability of the provider to the poor is elusive because the government – a natural monopoly – is responsible for the service and not tied to the client in the same way as a provider may be in a competitive market. As Figure 2 highlights, this “long route” of accountability means that the poor influence policymakers who in turn influence providers. Services become unsatisfactory “when the relationships in this long route break down” (WDR 2004, 6), which is not uncommon given the complexity and distance between actors. A more direct route involves poor people directly influencing providers. Although there are promising opportunities to improve accountability by focusing specifically on the relationship between these two actors, much of the existing literature suggests “improving service outcomes for poor people requires strengthening [all] three relationships in the chain” (WDR 2004, 10).

Considering the nature of the actors and the relationships among them, accountability appears to hinge upon information – getting accurate and timely information to stakeholders who have the inclination and authority to make effective decisions. The flow of information must move in all directions. When provided and received by the right people at the right time, information can act “as a stimulant for public action, as a catalyst for change, and as an input for making other reforms work” (WDR 2004, 17). Within this context, there is an opportunity for new information technologies to assist all three actors in improved public service provision. The potential of information technology will be further explored in Section V.
B. Decentralization and Accountability in India

In recent years, the Government of India (GoI) has made significant attempts to improve the accountability of services to local stakeholders. In 1993, the 73rd and 74th constitutional amendments were passed to reform local governments and provide more authority and expenditure responsibility to local leaders at the Panchayat level. This created “hundreds and thousands of little democracies.” Because local governments can better “align decision making with the needs and priorities of people,” decentralization is “widely recognized as a crucial ingredient in a participatory and accountable governance system (Aiyar 2009, 1).

Of course, decentralization is not a magic bullet for increasing government accountability in public service provision. In addition to the obvious benefits, there are potential negative implications of decentralization as well, such as bolstering local power structures that neglect the poor and marginalized. Andhra Pradesh, a relatively developed state that has grappled with these issues, still has a somewhat “dismal record” of social service provision in rural areas (Aiyar et al, 2009). But as the rest of this report will detail, its experience with one service provision mechanism – the NREGA – has demonstrated some promise.

III. The National Rural Employment Guarantee Act (NREGA) and Social Audits

A. Background on NREGA

While India has implemented a series of employment schemes since independence, the enactment of NREGA represents an important departure from past policies. It creates a legally binding guarantee that obligates the government to provide one member per rural household seeking employment with 100 days of labor. Moreover, NREGA stipulates that the state must provide unemployment benefits in the event that employment cannot be generated within 15 days.

The Act is premised on a normative belief in the right to work, as well as a commitment to transparent program implementation. Employment opportunities offered through the scheme are meant to provide unskilled, manual work, while simultaneously promoting infrastructure development (specifically, water conservation, plantation and afforestation, flood protection, land development, minor irrigation, horticulture and rural connectivity). To ensure transparency, architects of the legislation relied on India’s landmark Right to Information (RTI) act and built mechanisms into NREGA to promote greater accountability. The main mechanism outlined by the Act is the social audit.

Program Details

NREGA was initially implemented in 2006 in 200 of India’s poorest districts. A countrywide rollout of the scheme was in effect as of April 2008. Several key programmatic features of NREGA, as laid out in the official guidelines, are outlined below:

- Individuals may apply for work through their Gram Panchayat. Within 15 days, the Gram Panchayat must provide the applicant with a job card.2
- If employment is not provided within 15 days of application, a daily allowance (“unemployment benefits”) must be provided to the household member.
- The worksite should be within five kilometers of the village; otherwise, applicants are owed additional wages.
- Men and women must receive equal wages that are in accordance with the state Minimum Wages Act, as it pertains to agricultural laborers, often higher than market wages. Wages should be paid according to a piece rate or daily rate and within two weeks of worksite participation.
- Every NREGA worksite must include a crèche3 facility, drinking water, and shading.
- NREGA projects for a given village, also referred to as the shelf of works, should be developed by the Gram Sabha and approved by the Panchayat.
- Contractors and machinery are banned and all NREGA projects must adhere to a 60 to 40 ratio of wages to material costs.
- A Program Officer is responsible for coordinating NREGA at the block level. Each state determines how implementation will occur on the ground; in many places, a Field Assistant is hired to oversee the NREGA worksite and to issue pay slips, and a Technical Assistant is hired to provide technical input and oversight of worksite processes.

2 Legal document where number of days worked are recorded per villager in order to claim wages.
3 Place where children are taken care of by adults other than their parents.
**Glimpse of the NREGA Debate**

NREGA's purpose as either a cash transfer or asset-creation program is hotly debated. Supporters of the cash transfer view hold that the only difference between NREGA and other cash transfer programs is that the transfers are done through wages. They emphasize that providing jobs, as opposed to simply giving cash, empowers and preserves the dignity of program participants. Critics argue that if the underlying purpose of the program is to transfer funds, the direct transfer method would be more efficient than investing time and labor on low-yield projects.

Those who see NREGA as an asset creation program claim that the program's main goal is to create local infrastructure. This assertion is subject to three main critiques: 1) assets created by NREGA are not durable (i.e. the same road is rebuilt many times); 2) villagers’ needs are not taken into account for prioritization of assets; and 3) assets are built on the land of relatively well-to-do land owners which lends itself to corruption.

In addition, the debate has focused on the wage-level of NREGA. Some argue that providing higher wages is beneficial for those workers who were previously paid below the market wage because wages are pushed up. By this logic, increases in local wages over time (and not the number of jobs provided) represent an important measure of NREGA’s effectiveness. Others argue that higher NREGA wages distort the market and divert, rather than create, jobs. In this scenario, the concern is that workers move from more productive jobs to less productive NREGA projects. Moreover, critics assert that by offering higher wages, NREGA creates perverse incentives for people to remain dependent on NREGA.

**Strengths and Weaknesses of NREGA**

By several measures, the NREGA has achieved significant progress since its inception. According to the most recent data posted on the Indian government’s NREGA website, 1) more than 38 million person-days of employment have been provided with 40% of days worked by SC beneficiaries, 21% by ST beneficiaries, and 50% by female beneficiaries; 2) Rs. 30.56 lakhs\(^4\) works have been taken up since the program inception; and 3) Rs. 11.16 lakhs works have been completed.

---

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
</table>
| Targeting      | - Self-selection diminishes administrative costs  
|                | - Targeting of low-income communities is achieved through the nature of the work | - High wages remove the guarantee that it reaches the most needy  
|                | - Low quality and low durability of assets  
| Asset-building and shelf of works | - Asset-creation could improve infrastructure of the community | - Inflexible choice of assets due to 60-40 budget ratio  
| Social empowerment | - Social audits hold potential for giving communities greater voice | - Limited community participation in works selection |
| Sustainability | - Dignity of receiving wages as opposed to cash transfers  
|                | - Consumption-smoothing  
| Wages          | - Higher wages than average wage rate increase individual welfare | - Wages might be too low to make a significant impact  
|                | - There is no cap to the budget that states can request to the central government |
| Countering corruption | - 60-40 breakdown diminishes corruption levels  
|                | - Social audits serve as a mechanism to fight corruption  
|                | - Contractors are banned from participating in NREGA works | - There are loopholes at the local level that have caused petty corruption  
| Social audits  | - Social audits have potential to give voice to the community, increase awareness levels, and reduce corruption levels | - Field assistants are chosen from within the community and villagers are adverse to accusing them of corruption |
| Rights-based approach | - NREGA’s status as an Act makes it less vulnerable to fluctuations in political will | - Marginalized communities might be scared of talking |
| Politics       | - People are more likely to support a program where the poor are earning wages rather than just receiving cash transfers | - Reforms of the Act are being discussed currently without public participation |

4 One lakh is equal to 100,000.
At the same time, NREGA is criticized for only guaranteeing 100 days per household and providing above market wages. NREGA only guarantees 100 days of work per household per year, so it is not equivalent to social insurance. According to Jean Drèze, in order for NREGA to be a real guarantee, it should offer unlimited employment at a lower wage (Swaminathan 2009). Table 1 illustrates NREGA’s strengths and weaknesses.

B. The Aim of Social Audits vis-à-vis Information and Accountability

Social audits serve as an innovative and significant feature of NREGA, holding the promise of improved accountability and transparency in the Act’s implementation. The concept of a social audit was born in Rajasthan and pioneered by the NGO Mazdoor Kisan Shakti Sangathan (MKSS) in the early 1990s out of a citizens’ movement against corruption and disempowerment of citizens. The movement was based on the idea that large-scale corruption remained unchecked as government programs were implemented in an opaque manner that masked the misuse of funds. Thus, the right of people to know what their governments were doing and how government funds were being spent became a central rallying point in the movement for social audits (Aiyar and Samji 2009, 8).

Social Audits

NREGA mandates the regular conduct of social audits for all aspects of the scheme. A social audit is the process of reviewing official records and determining whether state-reported expenditures align with money spent on the ground. The first step in a social audit is the procurement of official records. Once procured, these records are studied and made accessible to the general public (Aiyar and Samji 2009). Next, evidence is gathered through interviewing individual participants in development programs, Panchayat members, and local officials. While the direct objective of the social audit process is to expose corruption, social audits are a critical mechanism to empower citizens and strengthen democratic action. The social audit process creates awareness about people’s rights and entitlements, and offers a space and mechanism through which these rights can be exercised (Mathur 2008).

The Social Audit Forum

An important innovation in this process is the JanSunwai or public hearing, where the auditor reads out the details of the official records and findings to assembled villagers. Everyone who wants to speak can be heard, thus local residents who are victims of fraudulent practices can give testimonies, and government officials and local politicians are given an opportunity to publicly defend their actions. This forum is meant to create direct accountability of officials to citizens (Kidambi and Palazs 2008).

The Right to Information Act

A crucial instrument to make social audits possible is the RTI. The RTI was passed by the Parliament of India in 2005, and gives citizens access to records of the central and state governments. Under the provisions of the Act, any citizen may request information from a public authority, and the authority should answer within 30 days. Enacted largely in response to a struggle initiated by the poor for a just and equal society, within a short amount of time, the RTI has been used extensively (Mathur 2008).

While the potential social development impacts of RTI are significant, its implementation continues to be tardy and weak. The RTI movement is premised on the assumption that exposure of evidence of complicity in corruption will motivate officials to address India’s problems. While a right to information makes it possible for this to happen, it requires associations of people willing and capable of confronting authority (Jenkins and Goetz 1999).

C. The Grievance Redressal Process in the NREGA

Mechanics of Grievance Redressal

The grievance-raising process is an important component of the social audit. As part of the “Mandatory Agenda,” the Social Audit Forums are designed to bring to light any pending complaints and determine whether redressals have taken place. Each state designates a state level officer to monitor all grievance redressals. A list of grievances along with the name and address of each petitioner is consolidated at the block and district levels and, in principle, maintained online. Once a grievance has been redressed, it is updated on the online roster. At the same time, the petitioner is notified of when and how their grievance has been redressed. A summary of received and disposed complaints are sent to the next higher level authority, until it reaches the GoI. This multi-tiered review gives visibility to senior management in areas that may require intervention or redesign.

Based on the NREGA Guidelines, states establish state-specific rules on grievance redressal procedures at the block and district levels. At the block level, the Program Officer assumes the role of the Grievance Redressal Officer, while the District Program Coordinator assumes this post at the district level. Depending on the level of grievance, petitioners can appeal to either the block or district levels. Both levels must ensure
“complaint boxes” are installed to facilitate the grievance redressal process. Upon receipt of a grievance, both the block and district are required to respond in writing to each grievance within seven days. People can also bring their grievances to the Gram Sabha.

**Limitations of the Current Grievance Redressal Process**

One concern regarding the current grievance redressal process is its limited ability to address major corruption issues. For instance, when MKSS conducted social audits in Banswara, Rajasthan in December 2007, the auditors were faced with extreme opposition from political parties as well as from Panchayat officials (Afridi 2008). Despite the guarantees under the RTI, local officials opposed releasing official NREGA documents. Furthermore, when reports of the audit were submitted to the district for action, the Banswara administration conducted its own investigation to refute much of the original findings. With this kind of local government push back, the ability of ordinary villagers to complain against officials is questionable. It is also difficult to determine the extent to which high-level officials are actually brought to justice.

**Effects of the Social Audit and Grievance Redressal Process in Andhra Pradesh**

The AP government and REGA stakeholders have attributed a number of positive outcomes to the social audit and grievance redressal process. These include recoveries of misappropriated money and termination of those found guilty of misappropriation or embezzlement of REGA funds. Moreover, a credible grievance redressal process has helped to raise awareness levels, as well as to serve as a warning for the consequences of corruption (SSAAT 2007).

However, grievances are not always addressed. According to one AP official, follow up social audits conducted in ten mandals across ten districts showed that no substantial action was being taken on issues identified, even on decisions made during public meetings (Memo 38, 2007). In response, the AP government issued specific guidelines on the timely redressal of grievances. It stated, “[T]o strengthen the follow up mechanism and put in place a system for local resolving of issues,... after a social audit, the village social auditors along with the resource persons will meet the MPDO [Mandal Project Development Officer]...and appraise...the situation on the ground. Such an appraisal will be done every 15 days until such time as all the issues are resolved” (G.O.Ms. 431 2007).

The immediate goal of the grievance redressal process is to resolve the day-to-day problems that arise during NREGA implementation. These include, among other things, fixing inaccurate and untimely issuance of wages as well as addressing any unfair distribution of work opportunities. Perhaps the greater and more elusive goal of the grievance process is bringing forth improved social relations and greater public participation in governance.

The grievance process can potentially help or hinder future participation levels. According to Farzana Afridi, “unless substantive action is taken against officials who are found and proven guilty of corrupt practices, the credibility and effectiveness of community monitoring in reducing corruption could be insignificant” (Afridi 2008, 39). If the villagers lose confidence in the grievance redressal process, this could potentially decrease participation in the social audits. If the grievance process addresses complaints promptly, this can raise overall interest and participation. Furthermore, the more credible the threat of punishment, the better the grievance process will deter errant behavior by officials.

Several issues could affect the long-term success of grievance redressal. First, it is uncertain whether the gains from the social audit grievance process are lasting. One corrupt functionary may simply be replaced by another. Second, there is no guarantee that people who speak out will not incur retributive action from those they accuse, which could hinder others from speaking out. Whether “protection mechanisms” can be instituted is questionable, both practically and financially. Third, because the grievance redressal process is partly dependent on state enforcement, there is the paradox of “top-down” intervention being a requisite for supporting “bottom-up” methods to identify government wrongdoing. If the government ever decides the grievance redressal process is inconvenient, it could decide not to support its effective implementation.

**An Ombudsman Program to Assist with Grievances**

The GoI has initiated a plan to further address accountability in implementing the NREGA through an Ombudsman program of “independent monitoring by eminent citizens.” 5 Each year, a panel of 100 Ombudsman will be selected from civil society to monitor 100 districts across India. Qualified individuals with at least twenty years of experience will undergo a 30-day public screening prior to their official appointments.

5 Section 27(1) of the NREG Act, issued by the Ministry of Rural Development, Government of India, established the office of Ombudsman for redressal of grievances. According to the Act’s Instructions on Ombudsman, “The selection of Ombudsman shall be made from among persons of eminent standing and impeccable integrity with at least twenty years of experience in public administration, law, academics, social work or management” (2.2.2). It further states that, “No person who is a member of a political party shall be considered for appointment as Ombudsman” (2.2.3).
They will provide the States and Districts an “independent third party” assessment of the program and identify any shortcomings. To prevent corruption, no political party members are eligible, and each panel member is limited to a two-year term. Unsatisfactory performance will remove the member from the Ombudsman panel.6

Each ombudsman visits his or her earmarked district once a year and spends six days in the district to assess the NREGA implementation quality. During this time, he or she may interview or request information from any of the NREGA authorities. Along with the information they provide to the state and district, the panel gives feedback to the GoI. They can play a significant role in redressal, disciplinary, and punitive actions. Ombudsmen can play a significant role in redressal, disciplinary and punitive actions. They can issue direction for conducting spot investigations, lodge First Information Reports7 (FIR), and initiate proceedings in the event of a circumstance arising within his jurisdiction that may cause any grievance. If an ombudsman finds that a complaint was “false, malicious or vexatious,” not only will the complaint be dismissed, but the complainant will have to pay the wrongfully accused a financial penalty.

D. Andhra Pradesh Compared to other States

AP has been lauded for its implementation of the NREGA. In the Andhra Pradesh Human Development Report for 2007, scholars from the Hyderabad-based Centre for Economic and Social Studies (2008) highlight the state’s key achievements in NREGA implementation as the use of information technology, social audit process, and payment of wages through post office accounts. The media refrain has also largely focused on AP’s innovative use of social audits and IT systems, which have provided enhanced transparency through its website and supposedly reduced delayed payments (Shah and Ambasta 2008; Afridi 2008; Aakella and Kidambi 2007; Anon 2009).

However, the Comptroller and Auditor General NREGA report (2008) shows AP’s mixed performance on implementation. The report lists AP among the states that failed to consistently hold introductory Gram Sabhas, provide shade and crèches, and pay wages on time. On the other hand, AP was cited for its good practices in fully staffing the program, quickly providing job cards when NREGA expanded to all districts, and having engineers determine a standard schedule of rates. A more recent audit by the National Council of Applied Economic Research (NCAER) named AP as the second highest performing state behind Rajasthan. AP scored well on social audits, innovative use of post office accounts, and high utilization of allocated funds, while performing less well on distribution of job cards (Sharma 2009).

The 2008-2009 fiscal year data from the NREGA national website confirms that AP’s strength is budget utilization. As seen in Figures 3 and 4, AP does relatively well on percentage of expenditures spent on wages and provision of days worked per household. However, AP reports an impossibly high num-

---

6 The Act states that “[The Ombudsman’s] Performance appraisal shall be made by the Selection Committee. A copy of the performance appraisal report shall be furnished to the State Employment Guarantee Council.”

7 The FIR contains the information recorded by the police officer on duty, given either by the aggrieved person or any other person about an alleged offense. The police commences its investigation on the basis of the FIR.
ber of rural SC households receiving job cards, more than 100%. Data suggests that over 80% of rural households have received job cards and that the unskilled wage expenditure per person-day was Rs. 88. This data is suggestive, but cross-state comparisons depend on the accuracy of the MIS data in each state.

The NCAER study suggested that AP and Rajasthan have implemented NREGA well because political will has created a virtuous cycle of good implementation leading to popularity and then to more political support (Sharma 2009). Comparison across states also suggests that politics play a role because both AP and Tamil Nadu (ranked third) were Congress or Congress-alliance states in 2008. Rajasthan was a Bharatiya Janata Party (BJP) state up to December 2008 and is now a Congress state. Several commentators speculated that NREGA was a factor in Congress’s wins in the 2009 elections, and that AP’s rural development programs have benefited from party competition at the state level (Sharma 2009). A 1996 study ranked AP second on poverty reduction, and a 2006 study ranked AP third in tax capacity and tax revenue (Ravallion and Datt 1996; Purohit 2006). AP spends more than 4% on administration for NREGA, and covers the difference with state funds, and is thus well staffed (Sharma 2009).

3. AP has fostered participatory rural development programs in the past. In the 1990s, the Janmaaboomi program allocated resources directly to stakeholder groups (Ayyangar 2003; Manor 2007; Chalapathi, Subramaniam, and Raghavulu 2007), and AP is a leader in fostering self-help groups (SHGs) (Aiyar, Narayan, and Raju 2007). Membership in SHGs is associated with knowledge of government programs and attendance of meetings (Kabeer 2005). In our survey, laborers who had been members of SHGs were more likely to have heard of NREGA or attended the Gram Sabha in Round 1, and they were more likely to know the details of NREGA in Round 3.

4. AP already has one of the highest labor force partici-

Figure 4. Average Number of Person Days of Work per Household Provided Work (2008-2009 fiscal years).
Source: 2008-2009 fiscal year data from http://nrega.nic.in/ (accessed November 30, 2009). Uttar Pradesh is not included in Figure 4 because its figures are impossibly high (1312872.44 lakh person days per 3,586,309 households provided employment, or 36,608 person days per households).
IV. Survey Evidence on the NREGA & Social Audits in Andhra Pradesh

This section discusses the implementation of NREGA in AP based on survey evidence from the *AI Dataset*, and suggests important areas for future research. It also describes patterns over time that may be related to the social audit process. Some preliminary findings are:

- The relationship between wages and days of work in the survey suggest problems in the implementation of the scheme, especially in Round 1.
- The field assistant plays a more powerful role in the scheme’s implementation than program designers may have expected.
- The scheme may be less driven by demand for work – rather than supply of jobs – than its designers hoped.
- Villages with high concentrations of STs appear to be disadvantaged in many ways, including poor NREGA implementation.
- Villages with poor facilities, specifically a lack of paved roads, appear to have more challenges with NREGA implementation.
- The costs of participating in the NREGA might be more than merely a laborer’s time and effort: participation is dangerous and can require costly supplies.
- Although “having a complaint” increases over time, making complaints does not, and attendance at a Social Audit Forum appears unrelated to laborers’ complaints.
- At baseline, perceptions of NREGA are often more negative among non-upper caste groups and wage laborers; however, by several measures their perceptions improve by Round 3.

A. Strengths and Weaknesses of the Data

The *AI dataset* is a unique and original dataset that sought to capture what was happening on the ground at a pivotal moment for NREGA and social audits in AP. The survey team interviewed people who had already worked on the NREGA by April of 2007. This is the population who would know the grassroots details of the program the best.

In designing any dataset, tradeoffs must be made between answering some questions well at the cost of being unable to answer other questions at all. The *Laborer Survey* paints a picture of how NREGA was working in the selected Panchayats, but since it oversampled ST/SC and women, it is not representative of workers in these Panchayats. Neither can we answer questions about how the NREGA or social audits were working in the state of AP with the sample we have, as it is not representative of all the state. Finally, because social audits were done in all respondents’ villages, we cannot definitively attribute any changes in NREGA or in people’s lives between Rounds 1 and 3 to the social audits—we simply have no counterfactual to tell us what might have happened in the absence of social audits to draw a valid comparison.

As mentioned in Section I, to analyze changes over time, the survey conducted three rounds with many overlapping participants. Since job card numbers, rather than individual respondents, were used as the unit of analysis, we have restricted much of the analysis that looks at changes over time to observations in which the respondent was likely the same person across rounds. We assume that respondents whose caste and gender where the same over time are likely the same person, though this assumption might be faulty in certain cases. In order to simplify the analysis of changes over time, we drop job card numbers from Rounds 2 and 3 that were not in Round 1. There was also some attrition. Men were more likely to drop out than women; agricultural laborers were less likely to drop than non-agricultural laborers; and people with more education were more likely to drop out.

B. The Implementation of NREGA in Andhra Pradesh

With the constraints outlined above, the *AI dataset* provided us with useful information on the current state of the NREGA implementation in AP, and NREGA knowledge levels, RTI knowledge levels, knowledge on the worksite characteristics, relation between work and wages, the role of field assistants, NREGA implementation in villages with high concentration of STs, NREGA implementation and village characteristics; costs of participating in the NREGA, complaints about the NREGA, corruption, and perceptions of APREGS.
NREGA Knowledge Levels

In April and May of 2007, when the first round of surveys were collected, NREGA had been operating for just over a year in AP. Though all of the respondents’ job card numbers appeared in the AP MIS, only 40% said that they had heard of APREGS. Of those who had heard of the scheme, most had heard of it through family and friends (22%) or the field assistant (19%). The Karnataka Survey found that around the same time, 80% of those who reported having worked on NREGA projects in Karnataka had heard of the scheme. Most had heard about it through the Panchayat; the second most cited response was family and friends.

In the AI Dataset, a knowledge index was constructed as a measure of how well an individual knows or is aware of the rules of the NREGA program. It includes only questions that had a definite correct answer. The index allowed us to compare the knowledge levels across demographics, across time, and between participants and non-participants in meetings.

Demographics. Wage laborers (both agricultural and non-agricultural), who are likely to be the population most affected by the NREGA, represent around 80% of respondents in our sample. Around 70% of the sample report having no formal education. In Round 1, those of general caste (GC) have a higher knowledge index score than those of any other caste; those with any level of education know more than those with no formal education; and wage earners (both agricultural and non-agricultural) know more than non-wage earners. In Round 3, we find similar results. There is no indication that the better educated within a given caste group know more.

Time. There does not seem to be any statistically significant relationship between an individual’s knowledge in Round 1 and his/her knowledge in Round 3. One reason that this may be true is that people who answered “no” to having heard about the NREGA (60% of respondents in Round 1 versus only 0.5% of respondents in Round 3) were not asked the questions that make up the knowledge index. If those people in Round 1 who had answered “no” had been asked the knowledge index questions, it is likely that they would have answered at least some questions correctly. When we restrict the sample to people who did answer “yes” to having heard of the NREGA, we see that there is in fact growth between Rounds 1 and 3 in the average number of questions in the knowledge index that an individual answered correctly, as can be seen from Figure 5. Thus, even if it seems as though there is no association between knowledge levels across rounds, the data may not be capturing the full story.

Demographic variables do have some effect on an individual’s change in knowledge over time. In a series of chi-squared tests examining the relationship between demographic variables and the change in the number of questions that an individual answered correctly, we find that, at the 10% level of significance, increased knowledge is not independent of caste, gender, education or being a wage earner. Controlling for knowledge in Round 1 weakens the effect of these demographic variables on knowledge in Round 3. Although low sample numbers of GC people in the survey limit the extent of our confidence, taking into account an individual’s knowledge in Round 1, knowledge index scores are for all castes other than GC are lower than GC scores in Round 3. Knowledge index scores increased for people with more than primary education. People
who newly heard about NREGA between Rounds 1 and 3 tend to be of lower castes (SC, ST, OBC) than GC, female, with no formal education, and non-wage earners. People who had higher knowledge index scores in Round 3 than in Round 1 tended to be GC more than any other caste, with no formal education, and non-wage earners.

**Participation in meetings.** Participation in meetings includes participation in the Social Audit Forum, the Gram Sabha and village level social audit meetings. For both the sample as a whole as well as for the restricted sample (people who claimed ever having heard of the NREGA), participation in the Social Audit Forum is not associated with a higher knowledge index score in Round 3. Further, neither of these claims is associated with a growth in knowledge between Round 1 and Round 3.

The same is true with participation in Gram Sabhas and Village Level Social Audit Meetings. We find no statistically significant association between newly going to a Gram Sabha and an individual’s knowledge level. We also find no significant association between having a village level social audit meeting and an individual’s knowledge level. It is possible that learning about the NREGA is associated with an increase in people’s awareness that made them more likely to report having a village level social audit meeting, but we do not see this effect either.

**Right to Information Act Knowledge Levels**

As mentioned before, RTI is the premise upon which the social audit is based. It is possible that awareness of these rights has an effect on people’s knowledge and thus on their behavior, or that the social audit process strengthens this awareness. The following results were found:

- People who learned about RTI between Rounds 1 and 3 were more likely to be GC than any other caste, more likely to be male, more likely to have more than primary education, and more likely to be non-wage earners.
- Knowledge of RTI in Round 1 is statistically significantly associated with a lower knowledge index score in Round 1 at the 1% level but is not associated with knowledge index score in Round 3. Knowledge of RTI in Round 3 is statistically significantly associated with a higher knowledge index score in Round 3 at the 1% level.
- Learning about the RTI did increase knowledge scores between Rounds 1 and 3.
- Although knowing about the RTI did not seem to be associated with Social Audit Forum attendance, attending the Forum meant that an individual was more likely to have learned about the RTI.
- Attendance of village level social audit meetings was not associated with RTI learning.

**Knowledge of Worksite Characteristics**

The understanding of how the worksite should be and its functioning is crucial for proper NREGA implementation. The worksite index was constructed using questions pertaining to the worksite in the Laborer Survey. The index is a representation of the joint probability of operations at the worksite in compliance with NREGA rules, awareness of this compliance, and reports on this compliance. At baseline, those with some or complete primary education reported and knew of the worksite functioning better than those with no formal education. Wage laborers (both agricultural and non-agricultural) also reported and knew of the worksite functioning better than non-wage laborers. Village level characteristics were not determinants of laborers’ worksite index scores. Results of the social audit process on worksite index are:

- Controlling for Round 1, the Round 3 index declines. This could simply be pointing to the possibility that those who already knew about the rules at an NREGA worksite did not learn new information over the course of the social audit process.
- Those who claimed to have gone to a Social Audit Forum in both Rounds 2 and 3 reported and knew more of the worksite functioning than those who claimed never going, or only claimed that they went during one round of interviews.
- Having had a village level social audit meeting in one’s village had no association with an individual reported knowledge level of the worksite functioning.
- Newly going to a Gram Sabha between Rounds 1 and 3 had no association with knowledge level of the worksite functioning.

---

9 “Newly heard” about the NREGA is defined as the same individual having answered “no” in Round 1 and “yes” in Round 3 to the question, “Have you heard of the APREGS/NREGA?”
10 “Newly going” to a Gram Sabha is defined as the same individual having answered “no” in Round 1 and “yes” in Round 3 to the question “Have you ever attended a Gram Sabha meeting?”
Relation between Work and Wages

In Round 1 of the AI Dataset, the length of time respondents reported working on their last APREGS job varies widely, from a minimum of zero days to a maximum of 90 days. The mean length of the last job was 20 days, while the median was 15 days. Similarly, in Karnataka laborers reported working a mean of 20 days and a median of 10 days.

Figures 6 and 7 show the distributions of job length in AP and Karnataka.

Figure 6. Density of Length of Last APREGS Job, April/May 2007, Andhra Pradesh. Source: Laborer Survey, Round 1, AI Dataset

Figure 7. Density of Number of Days Worked on NREGA Last Year, 2007, Karnataka. Source: Karnataka Dataset

11 Even though some respondents answered that they had worked zero days on their last NREGA job, this does not necessarily mean that their names were added fraudulently to the muster roll. Though surveyors were instructed to interview the person in the household who had worked on the NREGA worksite, this was not always the case. Therefore, some respondents may have been confused by the question.

12 It is important to note that the wording of the Karnataka Survey differs slightly from that of the AI dataset. In AP respondents were asked the length of their last APREGS job; in Karnataka they were asked how many days they worked.

Figure 8 plots payments vs. days worked on last job for workers over the three rounds of surveys in AP. In Round 1, there was no apparent relationship between job length and payment. In Round 2, there was a slightly more meaningful relationship between length of job and wages. By Round 3, there is clearer relationship between days worked and wages pay on respondents’ last NREGA job. The range of reported wages narrows from Round 1 to Round 2 (from [0, 570] to [2, 433]) and reported mean and median daily wages decrease over this one month period (from 41 and 26 to 27 and 15 respectively).
Five months later, in Round 3, reported daily wages improved dramatically, to a mean of Rs. 78 and a median of Rs. 80 and the range decreased to [0, 271].

Since length of last job became shorter by Round 3, Figure 9 zooms in on Figure 10 to better depict the relationship between wages and payment in Round 3. The payments in Round 3 correspond more closely to Rs. 82 per day, the wage that we would expect to see if workers were being paid according to average household wage cited for 2007-2008 on the NREGA website (GoAP, Household Wage Earning Analysis 2007-2008).

It is possible that this emerging relationship between work and wages is due to an improved NREGA implementation, or to both respondents and surveyors becoming more comfortable with the questions and the layout of the survey. It is also possible that there are seasonal differences in how well NREGA is implemented. In Round 1, when many people need work, fraud may be less noticeable than in Round 3, when the program can be more closely scrutinized because fewer projects are taking place. Most likely, all of these are occurring simultaneously.

Figure 10 plots days against wages in Karnataka. The relationship between Karnataka respondents’ length of work and payment is stronger than in AP. Additionally, the median daily wage for these respondents was Rs. 60, and the mean was Rs. 55. However, there are many cases where wages do not correspond to days worked—some people report being paid very low wages for their days worked while others report what would have been a very high daily wage—indicating either fraud or an error in measurement.

Both surveys point to the need for further inquiry into whether laborers are receiving the wages that scheme intends to provide them.

**The Role of Field Assistants**

Evidence from the AI dataset suggests that for these respondents, the program may not be the demand-driven scheme that its designers intended it to be. Field assistants, rather than the laborers themselves, seem to play a determining role in if laborers get work and how much. Across all three rounds of surveys, people say they have not applied for work. When asked how they heard of the particular jobs on which they worked, most said that the field assistant informed them. When asked who selected the work that they did, the most common response was the field assistant. It seems possible that workers are not asking for work, but that field assistants are offering it. This would be even more plausible if field assistants have an incentive to select and control the laborers they supervise. More research should be done on the payment scheme and supervision of field assistants.

13 On average APREGS jobs are shorter in Round 3 than in Round 1, as Round 3 took place during harvest season, when fewer people needed work.

14 Respondents may have understood these questions to refer to their last jobs or to all of their previous NREGA work.

15 The estimated daily wage for this group ranged from Rs. 0 to 1088.

16 In Round 1, 91% of respondents said they did not apply for work; in Round 2, 100% of respondents said they did not apply for work; in Round 3, 94% of respondents said they did not apply for work.

17 In Round 1, 76% said they learned about the work from the field assistant; in Rounds 2 and 3 this increased to 99% and 83% respectively.

18 Across Rounds 1, 2 and 3, 45%, 58% and 47% of respondents thought that the field assistant selected the work.
It is important to note, though, that even if workers report that they are not applying for work, this does not necessarily mean that they are not asking for it in an informal way. In Round 1, 72% of respondents had no formal education. They may be unable to “apply” for work in the way at the APREGS Guidelines specify. Responses to the question—“Have you ever demanded work to be undertaken in your village?” — suggest that some workers might be asking for work verbally. In Round 1, about half of laborers answered “yes” to this question. By Round 3, nearly everyone said “yes.” It is difficult to determine how much of the change in responses was due to changes in laborer and field assistant behavior and how much was due to laborers learning about how the program should work, or to something else.

Even if people are asking for work, the field assistant may still hold more power than the NREGA Guidelines suggest he/she should. Half of the sample neither applied for nor demanded NREGA work in the dry season, which indicates two possible problems. One, people who want to work do not know that they can demand it, and two, people who do not necessarily want to work are being coerced to do so, perhaps because the field assistant is under pressure to administer works. The power of the field assistant to give work is further confirmed by the fact that the majority of people who said they demanded work across all three rounds said that they had demanded it of the field assistant.²⁰

The power of the field assistant can further be examined when analyzing the differences in NREGA implementation between villages where field assistants reside and those where there is no residing field assistant.²¹ In order to look at what kinds of villages had field assistants and what sort of NREGA outcomes were associated with having a field assistant, we assumed that a field assistant resided in a particular village if 50% or more of the respondents from that village said he/she did. During the dry season in AP, when Round 1 data was collected, people who live in villages that have a field assistant have longer “last job” spells on the “last job.”²²

Survey responses suggest that in the growing season, having a field assistant in your village may be associated with shorter work spells on the “last job.”²²

Another hypothesis, which we cannot test with the data we have, is that field assistants, who may be under pressure to keep the scheme going, travel to other villages to recruit workers during the NREGA off-season. This is supported by the fact that field assistants tend to reside in better-off villages, where fewer people might need work in the growing season. Villages are considered better off if they are reported to have more of the following advantages in the 2001 census: secondary schools, credit society facilities, a paved road and post office and telephone facilities. More research should be done into the incentive structure of the field assistants’ jobs to see if there is any evidence for this hypothesis.

**NREGA Implementation in Villages with High Concentration of Scheduled Tribes**

There is a strong connection between poor facilities, lack of a field assistant, and the concentration of ST people in a village. In our sample, having a “high concentration of STs” meant that the population of the village was listed as 70% or more ST in the 2001 census. “Low ST” villages are those with 8% STs or less in the 2001 census.²³ Figure 12 shows the percent villages that have paved roads for low and high ST concentration villages. Field assistants are less likely to live in villages with high concentrations of STs. Indeed, 83% of low ST villages probably had a field assistant, whereas only 42% of high ST

---

19 The APREGS Guidelines instruct laborers to submit a written application for work to the Panchayat office specifying the dates they seek work. If people understood the survey question to mean this process, it is unsurprising that they report not having applied.

20 The APREGS Guidelines indicate that the Panchayat Secretary is supposed to be given demands for work. As an elected official, he would in theory have an incentive to respond to the needs of unemployed laborers.

21 The APREGS Guidelines specify that there should be one field assistant per GP unless that GP has five or more habitations. We do not know whether the number of field assistants in each GP in our sample is consistent with the Guidelines.

22 We do not know when a respondent’s “last job” took place. It is possible that people living in villages without a field assistant are actually referring to jobs that took place before Round 1 during the Round 3 interview.

23 There are no villages in our sample that had between 8% and 70% ST populations in the 2001 census.
villages probably had a field assistant (Figure 12). It is possible that ST people are less aware than others of whether or not a field assistant lives in the village, though this is unlikely because respondents had already worked on an APREGS worksite and thus would probably have had contact with a field assistant. But either explanation—that STs are unaware of the field assistant or that field assistants are less likely to live in high ST villages—suggests problematic differential APREGS implementation.

**Figure 12. Comparison of High vs. Low ST Concentration Villages. Source: Laborer Survey, Round 1, AI Dataset**

Field assistants also seem to be chosen differently in high ST villages. The APREGS Guidelines do not clearly explain how the field assistant should be hired.24 We used the Key Informant Survey to explore how field assistants were selected in different villages. The block, the Panchayat or the Gram Sabha selected field assistants. In villages with good facilities and caste diversity, “key informants” mainly say that the Panchayat chose the field assistants. In villages with a high ST concentration “key informants” say that the block or the Gram Sabha selected them. As we might expect given their other characteristics, villages where the field assistant is chosen by the Panchayat have longer NREGA “last jobs” during the lean period.

It is possible that poorer, high ST concentration villages have less political autonomy; having the field assistant, a local public servant, selected by the block rather than the Panchayat, suggests that the Panchayat in that village may be weak.

24 The process of hiring a field assistant is described as follows: “GP will shortlist 3 candidates for selection as FA in the GS with the facilitation support of Programme Officer and VO. The MPDO will consider the short-listed 3 candidates sent by the Gram Panchayat and other eligible candidates who apply directly to MPDO. The MPDO will finalize one person from all these candidates duly following the rule of reservation taking mandal as unit. In any case FA selected shall belong to the same village” (APREGS Guidelines, 2006).

Though we might think that villages where a field assistant was selected by the Gram Sabha have stronger local democracy than places where he was chosen by the Panchayat, research about the Gram Sabha suggests it rarely makes important decisions.25 When the key informant mentioned the Gram Sabha, he/she may have been quoting the rules rather than describing reality.

It is difficult to untangle what it is causing poor NREGA outcomes in some villages—is it the lack of facilities, something about the ST villagers themselves (such as discrimination against them, their suspicion of government programs or low levels of education), or that their leaders lack political sway? Probably, all of these, as well as other things that we have not measured, are influencing the poor outcomes. One thing is clear; people who live in villages with high ST concentration seem to have been left out of the NREGA in an important way.

**NREGA Implementation and Village Characteristics**

The following section presents a broader discussion of analysis that we conducted to assess whether villages with superior facilities/infrastructure (as measured by the presence of a paved road, newspaper, post office, and credit societies) produced different results on various indicators. Key findings are summarized below in Table 2.

These findings point to a general pattern in which villages with more developed facilities (mainly as indicated by the presence of a paved road) did not seem to possess an advantage in terms of their knowledge or exposure to information about NREGA. Interestingly, the availability of a newspaper in the village did not appear to have a significant effect on knowledge levels. This may result from the small proportion of the sample that had any formal education and consequent low levels of exposure to media sources.

However, at baseline a number of implementation aspects of NREGA appeared to be superior in these localities such as proper wage payment and first aid availability at worksite. This finding is plausible if one hypothesizes that villages with superior pre-existing facilities were also better able to mobilize resources or political capital for NREGA implementation. During our site visit in Andhra Pradesh, anecdotal evidence seemed to support this hypothesis. In visiting a village that was home to a local member of the legislative assembly (MLA), individuals that we interviewed reported that the NREGA was functioning extremely well, citing no complaints about the program. Thus, it is plausible that communities with greater

25 One of many papers that share this finding is Besley et. al, 2005.
political pull could have benefitted from superior facilities, as well as better NREGA implementation.

Interestingly, the data also suggests that villages starting out in disadvantaged positions were able to successfully catch up on a number of measures by Round 3. Examining these same procedural questions after the social audit process occurred, we find that much of the advantage detected at baseline diminished or disappeared entirely. In Round 3, individuals from villages with paved roads were still more likely to report having participated in work selection; however, the difference ceased to be statistically significant. By Round 3, only 0.11% of respondents reported not having received correct wages, indicating that villages with paved roads were no longer outperforming villages that lacked them. Likewise, only 3.1% of respondents said that a Panchayat member did not visit their worksite. Finally, all villages without a paved road reported having first aid available at the worksite in Round 3, indicating that they were no longer performing worse by that measure.

We cannot establish a causal link between the social audit and this catch-up process without a comparison group; improvements in implementation patterns may simply have been the result of time passing and initial challenges being addressed. However, the narrowing of this gap between villages represents a promising finding. In a subsequent section, we discuss how differences between villages play out in terms of implementation of the actual social audit and associated processes.

### Costs of Participating in the NREGA

The costs of participating in the NREGA might be more than merely a laborer’s time and effort alone. The AI dataset suggests that laborers often have to bring their own tools to the worksite and that they are sometimes charged to maintain their tools. In response to the question, “Have you ever carried agricultural implements to the worksite?” 73% of respondents said “yes” in Round 1, and 81% of respondents said “yes” in Round 3. In Round 1, 12% of laborers said they had been charged to maintain their tools, and in Round 3, 37% said they had been charged. Because the question asks laborers whether they had ever been charged, as opposed to if they had been charged in the last month (conditional on having worked on the NREGA in the last month), we cannot tell whether the situation with regard to tools is worsening over time. Nor can we comment on whether social audits have any impact on this aspect of the program. Laborers who cannot afford tools or fees might have more difficulty getting or keeping an NREGA job. Moreover these laborers are the most likely to need the NREGA jobs. More research should be done to determine whether these practices present barriers to employment.

Another important cost to laborers of working on NREGA jobs is the risk of injury or death. The AI Dataset shows that...
injury and death on the worksite are unfortunately common. In Round 1, people from about 30 villages reported serious injury at the worksite. The figure was approximately the same for Round 3. It is difficult to know how many injured people correspond to these reports.27 People may not be reporting the same injuries in Rounds 1 and 3, but rather new injuries. Evidence for this claim comes from reports of death at the worksite. In Round 1, seven laborers from two villages reported death at the worksite. In Round 3, 16 laborers from three different villages reported death at the worksite. There was no overlap between the two villages where an NREGA related death probably occurred before Round 1 and the three villages where an NREGA related death probably occurred before Round 3. That people do not report the same deaths six months apart suggest that they may not report the same injuries after an interval of this length either. Though the alternative work laborers do is probably also dangerous, this survey nonetheless suggests alarming rates of injury and death at the worksite. More research should be done to quantify injury and death on NREGA worksites, and on measures to prevent future injury and death.28

Complaints about the NREGA

One section of the Laborer Survey asked respondents about their complaints regarding the NREGA implementation. Of the 11 complaint options, the most common complaint was delays in wage payments. There is an increase in the percentage of respondents making any complaint at all over time—in Round 1, 51% have one or more complaints, in Round 2, 57% and in Round 3, 59%. Figures 13 and 14 show trends in laborers’ complaints over time. The figures describe only complaints made to the interviewer—which we will refer to as “having a complaint.” This is different from respondents’ reports of making a complaint—the survey question that follows the complaint options asks respondents to whom they have complained. Many respond that they have not complained to anyone. There is no clear time trend in the proportion of people who have complained to someone about their problems.29

27 Some laborers may have been working on site with people from other villages, with both villages’ laborers reporting the same injury. However, it is also possible that in some cases people from the same village were reporting different instances of injury.
28 The Laborer Survey does not ask what the laborers who experienced injury or death were doing when the accidents occurred. We can look at what the respondents’ “last jobs” were, but this may not tell us much. If the laborer had worked on more than one NREGA project in the weeks prior to the interview, or if the laborer had heard about the accident from someone else, the respondents’ “last job” would not correspond to the job on which someone was injured or killed.
29 There are people who complained to someone without having mentioned a complaint.

There are some patterns in the types of people who have complaints. Agricultural laborers start out significantly less likely to have complaints than non-agricultural laborers of the same sex, caste group and education group in Round 1, but in Round 3, they are more likely to have a complaint.30 There is also a very robust pattern indicating that people who know more about the NREGA are more likely to have a complaint about it. This finding holds in all periods, even when we measure knowledge in several different ways, control for different baseline characteristics and analyze subsets of the sample.

30 The data cannot tell us why the effect of being an agricultural laborer on complaints changed over time. One possible explanation is that agricultural laborers in Round 3 had recently done NREGA work, whereas non-agricultural laborers had not, making complaints more salient to the former group. Our data can neither support nor disprove this hypothesis.
Corruption

In past employment programs, such as Food for Work, the bulk of corruption took place through procurement of materials and use of contractors, who would overestimate the value of works and underpay laborers (Johnson, Deshingkar, and Start 2005). Employment programs are also subject to “systematic” corruption connected with campaign finance and patronage networks, as well as the petty corruption arising from administrative discretion and power imbalances (Heston and Vijay Kumar 2008; Wade 1985; Drèze and Sen 2002). NREGA was designed with this in mind and includes transparency measures such as social audits, a minimum wage that gives leverage to the laborers, the prohibition of contractors and machines, and a wage to materials expenditure ratio of 60:40.

NREGA has made headway in limiting corruption through contractors, but other forms of corruption are still reported. In 2008, the Comptroller and Auditor General (see also Gopal 2009) reported tampering with muster roll names, incorrect measurements of works, and diversion of funds to other schemes. In a 2007 report on implementation in Orissa, Jean Drèze found that contractors kept passbooks and muster rolls, and job cards were not used to record work. Transparency International’s India Corruption Study 2007 reported that 11% of BPL households had experienced corruption in NREGA and 47% thought there was corruption, putting NREGA at the same level of corruption as the electricity or hospital sectors. For NREGA, 7.5% of BPL households reported paying a bribe, 7.5% reported using a middleman, and 4.4% reported not using NREGA because they were solicited for bribes. Bribes were mostly paid to receive a job card or a wage payment (Transparency International India and Centre for Media Studies 2008).

The majority of laborers in the AI dataset thought that corrupt officials would not be caught and punished, and after the social audit, even more people thought corrupt officials would not be punished, as shown in Figure 15. Reported incidences of corruption involved opening a post office account and withdrawing funds. The other forms of corruption had low levels of reporting. In Round 1, only 24 people reported fake names on the muster roll. No one admits to making a payment in order to apply for work in Rounds 1 and 2, and in Round 3, only nine people said they had made a payment. As for paying to get a job card, 38 people said yes (4%) in Round 1, with only five (0.5%) and four (0.4%) saying yes in Rounds 2 and 3, respectively.

In Karnataka the figures are much higher: 576 of the 638 people (90.3%) who applied for job cards reported paying for the application, the photograph, to the postman, or other. Their payments ranged from Rs. 5 to Rs. 575, with an average payment of Rs. 90.7. Of the 638 people who applied for a job card, 120 people did not know about NREGA. Holding demographic factors constant, people who knew about NREGA paid about Rs. 22.4 more during the job card application process (significant at the 1% level), which would seem to indicate that people who know about NREGA are either easier targets for solicitation or are more willing to pay bribes.

Corruption could have been lower in AP, or the survey may have been unable to elicit truthful answers. Most people did not say “no,” rather they left the questions unanswered. According to these figures, those with secondary school or more were less likely to have paid, and agricultural laborers were less likely to have paid than people self-employed in agriculture or other non-agricultural workers. Having attended the Gram Sabha and having heard of NREGA were not significantly associated with paying for a job card.

However, more people admit to paying the postman. In Round 1, 305 (32%) said they paid to open a post account, while 18 people (1.9%) in Round 2 and only three (0.3%) in Round 3...
said they paid. Paying for a post account in Round 1 is positively associated (holding demographic factors and attendance of Gram Sabha constant, significant at the 1% level) with having heard of NREGA. This could be a result of those knowing about NREGA actively seeking to open post accounts. When knowledge of the program details and knowledge of NREGA are both controlled for, knowledge of NREGA is significant at the 1% level and positive, while knowledge of the details is not significant. Other Backward Classes (OBC) were substantially more likely to have reported paying. Those with more education were less likely to have paid, especially those with some secondary, completed secondary, or college education. Having attended the Gram Sabha was not significant, though positively associated, with paying the postman.

Determining corruption in payments for a post account is confounded by the existence of an actual mandatory account balance. During our site visit, we discovered 50 Rs. is the minimum balance, although the government will extend a loan to start the account and later garnish NREGA wages. However, some people also paid to withdraw money. In Round 1, 66 people (6.9%) said they paid, compared to five people (0.5%) in Round 2 and 18 people (1.9%) in Round 3. Again, people with more education were less likely to have paid. AP has implemented payment through accounts to avoid other corruption issues, such as those involved with distribution of cash, and to integrate payment and record management (Sidhartha, 2008), but workers may have to pay bribes and spend time traveling to collect their money (Pankaj, 2008).

This survey cannot determine if NREGA is integrated into systematic or grand (large-scale) corruption. Niehaus and Sukhtankar (2009) have suggested the NREGA may enjoy a “golden goose” effect whereby corruption is tamped down in expectation of future rents. During our interviews, it was suggested that grand corruption has shifted to large urban development in Hyderabad. Narayan (2008) puts forth a similar “balloon effect” theory, whereby if corruption is squeezed out of one sector, it moves to another. However, NREGA may still be a corruption target. One study found a positive correlation between landholding and NREGA participation in AP, compared to a negative relationship in Rajasthan. Jha et al. (2009) speculate that this arises when landlords have to compete with NREGA and then move to capture the benefits. They also found that local politicians were more involved in local appointments than in Rajasthan, making it more difficult to fire corrupt field assistants.

Social audits have a role to play in preventing corruption. Grimes (2008), in a review of studies on civil society involvement in combating corruption, found that efforts are most effective in places with active civil society, government champions, and access to information and media. Since community monitoring efforts face challenges from elite capture and collective action problems, civil society efforts are more effective when they can affect the imposition of sanctions, which social audits have the capability to do. Mookherjee and Bardhan (2006) similarly found that access to information and monitoring by higher-level officials can be effective, although they found less evidence on civic participation. Thus, social audits can combat corruption by spreading information and encouraging higher-level monitoring and sanctions.

**Perceptions of NREGA**

Data on individual perceptions of APREGS were collected through the Laborer Survey at both baseline and six months after the social audit occurred. Several key findings are outlined in Figures 16 and 17 below. When viewed together these findings suggest a generally positive trend in perceptions over time.

In terms of a perceived relationship with authority figures, respondents seemed more optimistic about their ability to put forth grievances and less inclined to view powerful actors as apathetic. Several questions touch upon the perceived impact of NREGA on employment and income security. Between Rounds 1 and 3, individuals increasingly reported that they had more work opportunities and that NREGA protected them from income shocks. One exception was decreased agreement in Round 3 that NREGA obviates the need for migrant work. An important concern is that respondents may have been answering affirmatively to please the interviewer; however, there is less reason to believe that such a bias would operate differentially in Round 1 and Round 3. Thus, positive changes that occurred between the two periods are promising indicators that NREGA perceptions improved over time.

Among individuals who experienced an improvement in their perceptions, there was no evidence of an associated improvement in either knowledge levels of NREGA or worksite characteristics. Thus, improved perceptions did not seem to be stemming from more information about the program or worksite procedures.
Several interesting points arise from the analysis of perceptions within specific sub-groups. A consistent trend emerges in Round 1: with the exception of one question, being SC, ST, or OBC was associated with a lower perceptions score. In addition, being an agricultural/non-agricultural wage laborer was associated with a lower score for questions related to whether NREGA increases work opportunities and reduces the need for migrant labor. These findings likely follow from systematic disadvantages suffered by these groups and their resulting perception of elite apathy, sustained vulnerability to income shocks, etc. By Round 3, some of these disparities appeared to diminish. Disparities with respect to ST respondents persisted for three of the questions, which may align with results described earlier regarding differential NREGA implementation in high ST villages.

In summary, perceptions within the entire sample seem to follow a positive trend between Rounds 1 and 3. At baseline, non-upper caste and wage laborer groups tended to express more negative perceptions than upper caste and non-wage laborer respondents. However, some of this disparity in perceptions diminished by Round 3.

C. The Implementation of Social Audits in Andhra Pradesh

A social audit provides trained staff with the opportunity to conduct door-to-door visits to individuals who have participated in APREGS. In theory, verification of muster rolls, job cards, and other features of the scheme occur during these visits, with careful documentation of all salient information.

In the Laborer Survey, respondents were asked a series of questions on the social audit that took place in their villages between Round 1 and 2. Nearly 100% of those who responded reported that a social audit had been conducted in their village. However, immediately following the social audit (Round 2), 20% gave a response other than ‘social audit team,’ when
asked who conducted the social audit. By Round 3, all answers had converged on social audit team. This shift may have been the result of increased understanding of the process after six months had passed. Some confusion was evident when respondents were asked when the social audit was conducted. While all respondents in Round 2 reported that the audit occurred in May (the correct answer), when asked the question again in Round 3, there was a wide distribution of answers ranging from February to September. Respondents’ apparent difficulty with recalling the event may call into question some of the other impressions they provided in Round 3. Respondents were also asked a series of question regarding which officials were present during the social audit. Results are reported in Figure 18.

Given that the vast majority of respondents in both rounds reported that only one social audit had been conducted, we can assume that people were referring to the same event in both rounds. One explanation for the large discrepancies between Round 2 and 3 (Figure 18) is recall problems that resulted from the six-month gap. However, this would not explain the consistent pattern of increased reporting from Round 2 to Round 3. Respondents may have understood the social audit process better by Round 3 and therefore been able to describe the event more accurately. A more problematic explanation is that respondents, after gaining familiarity with the survey by Round 3, wanted to provide surveyors with the perceived correct answer and reported more positive attendance. If Round 3 results are to be believed, attendance on the part of panchayat members and local elites is impressively high. This suggests buy-in for the social audit from these actors, indicating strong pressure from higher levels of government, a perceived threat of social mobilization, or a genuine interest in the auditing process. The survey also contained a series of questions about procedures that took place during the social audit, specifically inspection processes. While the discrepancies are smaller, the trend of increased reporting in Round 3 is evident in this set of questions as well, as shown in Figure 19. Similar explanations as provided above may be responsible for this response pattern.

Though all the numbers lie above 50%, reporting of muster roll inspection is less than 60% in Round 2 and 3. Given the central role that muster roll inspection plays in the social audit process, this number could be interpreted as troublingly low. Implementation may be weak on the part of social audit team members due to poor organization, lack of experience etc. Alternatively, procedures may not be explained properly to community members, resulting in low reporting.

When asked if they felt able to express their opinions freely during the social audit, only 4% answered “no” in Round 2. The number decreased further to 0.8% in Round 3. No caste, occupation, or education variables were significantly associated with free expression of opinions in Round 2. Respondents were also asked whether they found the social audit to be a desirable task and whether they would undertake one on their own. With regard to the first question, 67% of respondents said “yes” and 8% said “no” or “don’t know.” By Round 3, all respondents said “yes.” In Round 2, 66% of respondents said they would undertake a social audit on their own and 9% said they would not. In Round 3, only 2% say they would not. In Round 2, no caste variables were statistically significant; however, individuals with primary or higher levels of education were more likely to say they would undertake a social audit on their own. Finally, respondents were asked if they had a social audit/village vigilance committee. Only 4% and 0.4% in Round 2 and 3, answered affirmatively. The very low positive response rate for this question may have resulted from poor implementation of vigilance committees or a lack of awareness on the part of villagers. In either scenario, the committees appear to be a problematic component of the NREGA in that they are clearly not serving their intended function.

This particular set of questions suggests high levels of acceptance for the social audit process, with low sensitivity to caste differences. Moreover, the trend indicates improvements in the perception of the social audit from Round 2 to Round 3. This may be the result of improved familiarity with the con-
cept and a growing consensus within communities about the benefit of social audits. However, an important caveat for all of these questions is that respondents may have felt compelled to provide answers that they thought the interviewer wanted to hear. Putting that potential source of bias aside, the social audit process appears to enjoy high levels of acceptability and approval from those individuals to which it is arguably most relevant.

Village Level Social Audit Meetings

During the course of the social audit process, a village social audit meeting was held during the night in each village, to inform the villagers of the process and its purpose. Since the meeting was supposed to have been held in every village in which a social audit was conducted, it is interesting to look at the sample of people who reported not having had a village social audit meeting in Round 2, but reporting having had one in Round 3. This sample of people could simply be a product of a delay in the village level social audit meetings. Still, approximately 6% of our sample falls into this category, and several key findings come from the “new” occurrence of this meeting:

- People who reported having received a new village meeting tended to be GC more than OBC caste, and non-wage earners.

- Village meetings had no perceivable effect on people’s perceptions on the NREGA at least up until six months after the beginning of the social audit process. These findings should not be taken as definitive because those who reported having no village level social audit meeting in Round 2 are not a good comparison group. It is likely that there is some reason that this group of people did not know about the meetings, or that their villages simply had not had them yet, which might be correlated with how they feel about the NREGA. Therefore, since it is unclear whether there actually was no village level social audit meeting in villages where most people reported not having one, we cannot conclude anything definitively. Still, we cannot rule out that the village level social audit meetings actually did have an effect. It is possible that without the meetings, people would have become more suspicious of officials or more negative about NREGA over time, and the meeting lessened this effect.

- The data\textsuperscript{33} shows that having a village level social audit meeting was associated with increased participation in Gram Sabhas. This effect was strongest for GCs, women, and those with some or completed primary education. Again, we cannot draw any definitive conclusions in saying that the meeting caused an increase in people’s participation in Gram Sabhas. We can only say for sure that people who reported having a village level social audit meeting were more likely to report newly attending a Gram Sabha. It is possible that people thought that the village level social audit meeting was a Gram Sabha, or perhaps another external factor, such as an upcoming election, caused people to go to both social audit meetings and Gram Sabhas.

- We find no significant association of having a village level social audit meeting and a person’s knowledge level. However, it is possible that the meetings did not happen as scheduled, and those whose villages received delayed meetings did not have lower knowledge of the NREGA in Round 3 than people who had their meeting on time.

- Having had a village level social audit meeting in one’s village had no association with what an individual reported and knew of the worksite functioning.

- Answers regarding how often the Social Audit Forum is held in the locality vary quite a bit, with most people saying that they do not know. Less people reported not knowing in Round 3 than in Round 2. Most people found out about the Forum through the village social audit meeting, though some reported having found out from the field assistant. Very few people reported having found out about the Forum from a Gram Sabha, possibly indicating either nonexistent or ineffective Gram Sabhas.

Social Audit Forum

Of the people who claimed attendance at the Social Audit Forum, they were more likely to be GC, male, and to have more than primary education. There does not seem to be evidence indicating that people who were unhappy attended the Forum more than those who seemed to be more satisfied with the NREGA and life in general. Reasons for not attending ranged from people being busy with household or agricultural work, being sick, nobody telling them about it (many specifically said the field assistant did not inform them), and that the social audit team was not given the correct information.

Of people who attended the Social Audit Forum, over 85% of respondents reported that corruption, misconduct, not providing job cards and delays in payment were discussed at the
Figure 20 shows that in regards to attendance of officials (such as the District Collector, the Postmaster, the Village Level PRI Member, etc.) at the Forum there are dramatic changes in responses between Round 2 and Round 3. The “yes” responses increase between the two rounds for all positions except for the District Collector. The “no” responses both increase and decrease, but not as drastically, except in the case of the District Collector. The “don’t know” responses decrease between the two rounds for all positions. These changes seem strange given that respondents should have been referring to only one Forum, and are certainly worth investigating, but there is no additional data to verify the reasons.

Table 3. Associations between Village Characteristics and Social Audit Implementation

<table>
<thead>
<tr>
<th>Facility</th>
<th>Have you or any member of your family attended a social audit forum?</th>
<th>Which of the following officials were present at the social audit: local elite?</th>
<th>Which of the following officials were present at the social audit: technical assistant?</th>
<th>Which of the following were inspected during the social audit: post master?</th>
<th>Which of the following were inspected during the social audit: muster rolls?</th>
<th>Which of the following were inspected during the social audit: pay slips?</th>
<th>Which of the following were inspected during the social audit: verification of pay slips?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paved Road</td>
<td>+</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Newspaper</td>
<td></td>
<td>+</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Post office</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit Society</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A plus sign (+) indicates a statistically significant, positive relationship and a minus sign (-) indicates a statistically significant negative association. An empty cell indicates no statistically significant relationship at the 10% level.

**Summary of Findings Related to Social Audit Implementation**

Several results regarding both the social audit and social audit forum are summarized in Table 3 below. These results suggest that, on several dimensions, implementation of the social audit was either insensitive to pre-existing village facilities or, in certain cases inferior in better-endowed villages (primarily as indicated by the presence of a paved road). For example, respondents were less likely to report that local elite attended the social audit in villages with a paved road, versus ones without a road. The notable exception is social forum attendance.

This is a promising finding, if taken as an indication that the social audit process is conducive to a broad spectrum of socio-political settings (and not limited to localities with superior political settings)
levels of development or pre-existing political pull). Indeed, it is in villages with poor levels of social development that improvements in services delivery and shifts toward transparent governance are arguably most needed.

As described in an above section we do find that, at baseline, villages with superior facilities seemed to perform better on some measures of NREGA implementation. Why, then, do we not observe this trend for social audits? One explanation may be that social audit implementation has benefited from the expertise and focus of AP’s specialized social audit division. Superior management and coordination of the roll-out process may eclipse pre-existing factors at the village level. Political backing of social audits, most notably at high levels of the AP government, may also contribute to a more uniform implementation process.

V. Local Government and Participation: the Gram Sabha and Technology

Improving participation and local governance is linked to knowledge and awareness, and the Gram Sabha has a formal role in this while technology is a potential tool for improvement. This section first takes a closer look at the role of the Gram Sabha in fostering awareness and participation in planning. It then discusses the role of information and communication technology as a means to enhance local governance and increase community awareness and participation.

A. The Role of the Gram Sabhas

The NREGA and its 2008 Guidelines explicitly recognize Panchayati Raj institutions as key stakeholders in implementing NREGA. The Gram Panchayat is positioned as the principle implementing body. According to the Guidelines, the Gram Sabha should act as a monitor of the Gram Panchayat by holding social audits, and educating potential laborers (NREGA Guidelines, 2008). The Gram Sabha is placed as a mechanism of accountability and legitimacy in the scheme, and it offers opportunities for participation in planning and monitoring.

This section presents the results from the Laborer Survey on the Gram Sabha’s role in recommending works and serving as an education and outreach mechanism. It then describes the demographics of laborers who attend the Gram Sabha and attendance changes over time. Finally, it highlights the potential and limitations of the Gram Sabha as a forum for participation and analyzes laborers’ attitudes toward officials.

Selection of Works

Before the social audit, few people (0.9%) said the Gram Sabha selected the works, and by Round 3, 30.2% thought the Gram Sabha selected the works. Figure 21 shows how perceptions changed over the three rounds. Saying that the Gram Sabha selected works in Round 3 was significantly and positively correlated with attending the Gram Sabha, attending the Social Audit Forum, and knowing the details of NREGA. In contrast to the opinion of laborers, 7 of 33 field assistants surveyed in Round 1 said the Gram Sabha selected the works while 22 field assistants said it was the Sarpanch or the Panchayat. The holding of a Gram Sabha in October would also be consistent with the increase in people reporting participation in selection of works and concentration of people reporting selection in certain panchayats. In Round 1, only 6.1% of respondents said they or their family participated in work selection, while in Round 3, 22.9% said they participated.

Education and Outreach

The Gram Sabha also has the role of outreach and education. As Figure 22 shows, very few laborers (33 of 344, or 9.6%) reported hearing about NREGA from the Gram Sabha in Round 1. However, since laborers could only select one source of information, the Gram Sabha’s outreach could be underestimated. The survey in Karnataka showed similarly low results with 36 of 966 villagers (4%) hearing about NREGA from the Gram Sabha. However, as seen in Figure 24, the absolute numbers and the percentage increased greatly by Round 3. In Round 2, 73 of 820 (8.9%) had heard from the Gram Sabha, and by Round 3, it increased to 155 of 835 (18.6%). This data shows that the Gram Sabha has the potential to increase awareness.
In Round 1, 28% of those who had heard of NREGA had attended the Gram Sabha compared to 7% of those who had not heard. However, the positive association between knowledge of NREGA and Gram Sabha attendance does not indicate causality. We tried to exploit change across rounds to see if Gram Sabha attendance affected later knowledge. Holding Round 1 knowledge, demographic factors, and social audit attendance constant, Round 1 Gram Sabha attendance was positively associated with greater knowledge of the details of NREGA in Round 2, significant at the 10% level. However, Social Audit Forum attendance as reported in Round 2 increased knowledge by three times as much as reported Gram Sabha (.66 more questions right vs .22), and was significant at the 1% level. Gram Sabha attendance in Round 1 is insignificantly associated with knowledge of NREGA details in Round 3, and reported attendance in Round 2 is negatively and significantly (at 10% level) associated with a lower level of knowledge in Round 3.

**Attendance of Gram Sabhas**

Many other studies have looked at the frequency of Gram Sabhas and the demographics of attendance to evaluate it as a democratic forum. In a survey of paired cross-border villages in southern states, Besley, Pande and Rao (2007) found that 76% of villages in their sample had held a Gram Sabha within a year, and 50% of villagers had heard of it. In round 3 of the AI dataset, 6 of 42 Panchayats (14.3%) had fewer than 50% of laborers reporting that a Gram Sabha was held. Besley, Pande and Rao (2005) also found that SC, ST, landless, and illiterate people were more likely to attend since the Gram Sabha is a forum for discussing schemes and selection of beneficiaries. Women were less likely to attend.

In a survey that covered northern states, Kumar (2006) found that the likelihood of attendance by caste varied by state, and men were consistently more likely to attend. The Laborer Survey shows that male laborers are more likely to attend, as were GC people. In Round 1, before the social audit, 21.6% of laborers had heard of the Gram Sabha, 15% of women and 35% of men. This is similar to the 25.2% of the Karnataka job card applicants who had heard of it. In regards to caste, GC people are more likely to have heard about the Gram Sabha: 41% had heard about it compared to 22-24.5% for the other groups. Figure 23 summarizes these findings.
Of all laborers, 14% reported attending, 8% of women and 25% of men. Similarly, 16.1% of Karnataka job card applicants reported attending. Broken down by caste, 29.4% of GC people reported attending compared to 12% of OBC people, 14.9% of SC people, and 17.4% of ST people. Education level and source of income were also associated with attendance. Only 13% of people with no formal education reported attending, compared to 12% of OBC people, and 14.9% of SC people, and 17.4% of ST people. Education level and source of income were also associated with attendance. Only 13% of people with no formal education reported attending, and only 20% had heard of the Gram Sabha. Those who completed secondary school were significantly more likely to attend (26.5%). People who are self-employed in agriculture (25%) were more likely to attend than agricultural laborers (14.9%). Village-level facilities do not show any clear correlations with attendance.

As seen in Figure 23, Gram Sabha attendance increased greatly with each round. SC people were significantly less likely to report attending, as were people with no formal education. Most people who changed their answer from Round 1 to Round 3 to say they had attended a Gram Sabha had previously not responded to that question. Knowledge of NREGA and the details of NREGA in Round 1 were insignificantly associated with Round 2 or 3 Gram Sabha attendance, holding Round 1 attendance and demographic factors constant. Knowledge of the details of NREGA as reported in Round 2 was also insignificantly associated with Round 3 attendance.

Giving a new positive response on attendance is significantly and positively associated with Social Audit forum Attendance as reported in Round 3. However, changing to a positive response on attendance is insignificantly associated with Social Audit Forum attendance as reported in Round 2. We learned during our site visit that many village meetings are mistaken for the Gram Sabha, so respondents in Round 3 could be conflating the Social Audit Forum or other meetings with the Gram Sabha. Also, the Gram Sabha could have been held during the interim.

SC people and women were significantly less likely to have changed their answer about Gram Sabha attendance from “no” or missing in Round 1 to “yes” in Round 3. Reported attendance in the Social Audit Forum mitigated this effect for SC people but not for women. In a linear probability model with education, gender, and occupation controls, SC people who attended the Social Audit Forum were 20% more likely to have newly-attended a Gram Sabha compared to all other caste groups, but SC people who did not attend the Social Audit Forum were 16.9% less likely. In addition, those with incomplete primary school education were more likely to have newly attended compared to those with no formal education. Finally, laborers in certain Panchayats (e.g., Arepalle SJ) were more likely to have seen a change than not.

These results challenge the notion that the Gram Sabha is an egalitarian forum for participation and determination of local needs. Rao and Sanyal (2009, 35) contend that they are “cultivating a capacity for civic and political engagement,” even though disadvantaged people speak less and the preferences of those with more land are raised more often (Ban and Rao 2009). This is similar to the perspective of Sen and Drezé (2002), who write that local democracy has intrinsic value and can transform social relations. The Laborer Survey shows that laborers who reported attending the Gram Sabha in Round 2 were also more likely to report speaking freely in the worksite social audit (significant at 1%). Women who had attended the Gram Sabha were slightly more likely to say they spoke freely than men who had attended. However, this may not be a causal relationship as women who attend the Gram Sabha could differ in ways beyond their occupation, education, or caste.

**Limitations of the Gram Sabha**

Some authors find that the Gram Sabha is deeply embedded in pre-existing social relations and reflects and strengthens power hierarchies of caste, class, religion, and gender (Agarwal 2001; Chhotray 2007; Deshingkar, Johnson, and Farrington 2005; Sanjay Kumar and Corbridge 2002; Vaddiraju and Mehrotra 2004). For Agarwal (2001), the exclusion of women from participatory forums and groups hurts equity and efficiency. Any “local knowledge” or recommendation of needs gleaned from the Gram Sabha reflects power relations (Mosse 2001), challenging the legitimacy of using direct democracy to select works. However, since there are no consistent findings on participation and development outcomes (Mansuri and Rao 2004), the Gram Sabha may have little effect on NREGA outcomes in even an ideal case.

The Gram Sabha’s potential is also limited by the political hierarchy in which it is embedded. Vedeld (2001) argues that the “command and control” nature of top-down programming, the desire of bureaucrats and higher-level politicians to remain visible and in control, and capacity constraints are even greater impediments to the Gram Sabha serving as a mechanism of participation (see also Bhargava 2002). Due to the incentives of the Sarpanch and the Panchayat, they either do not convene the Gram Sabha, or make it a formality featuring little debate (Nambiar 2001; Girish and Kumar 2006). Several authors have argued that these obstacles can be overcome through social mobilization (Keefe and Khemani 2004; Gaia, Kaushik, and Kulkarni 1998). However, violence poses an additional challenge. Economic elites can ally with users of force, either police or thugs, to break up genuine social mobilization, leading to demands based on narrower interests rather than that of the community’s (Gudavarthy and Vijay 2007). Several politi-
Laborer’s Perceptions of Government Responsiveness

Laborer’s attitudes about government suggest mixed feelings about interaction with government and personal power, but these perceptions improved over time. However, the role of the Gram Sabha is unclear. Most laborers feel that they are listened to some of the time or most of the time, as can be seen on Figure 24 below. In Round 1, Gram Sabha attendance was correlated with reported feeling listened to, but by a very small magnitude. ST people and those who had completed secondary school were more likely to feel less listened to, but ST people were more likely to change the response to higher levels of being listened to between Round 1 and Round 3. Those who attended the Gram Sabha were more likely to be lower down on the scale of “felt listened to” in Round 3.

Furthermore, most laborers feel that they are respected by NREGA officials some or most of the time. In Round 2, people who cultivated their own land and people who completed primary school were more likely to report that they were respected always or most of the time. Gram Sabha attendance is negatively associated with saying most of the time or always. In Round 3, attending the social audit, being female, or working in agriculture were negatively associated with feeling respected most of the time or always, and those same groups were more likely to change their answers in a negative direction from Round 2 to Round 3.

However, workers increasingly thought they had influence in the process, although the Gram Sabha’s effect is unclear and switches over time. Disagreement with the statement “Casual workers are powerless in influencing APREGS officials (in terms of works, worksite)” increased from 37.6% to 40.3% to 79%. See Figure 25 below. In Round 1, those who reported attending the Gram Sabha were more likely to disagree with this statement, as were those with education beyond secondary school. In Round 3, Gram Sabha attendance was associated with agreeing but not significantly, and ST people were more likely to disagree. Disagreement to the similar statement “Casual workers are powerless in influencing the works selected in this locality” increased to a lesser extent. Gram Sabha attendance was significantly associated with disagreement in Round 1, but by Round 3, it is significantly associated with agreement. Women were also more likely to agree with this statement.
B. Technology as a Tool to Increase Participation and Accountability

The first part of this section has discussed Gram Sabhas and the extent of participation within the local government structure. As the evidence suggests, improving participation and local governance is linked with information, and the ability to make it more accessible to appropriate stakeholders. We now turn our attention to the emergence of a global phenomenon that, by increasing the amount of information available at multiple levels, has the potential to fundamentally alter the nature of citizen participation and government accountability – information and communication technology (ICT).

The Implications of Information and Communication Technology in India

The role of information and communication technology in India often is considered in terms of production and as a central driver of the modern economy. Less attention has been placed on the users of these technologies within the country. All across the country however, ICT is revolutionizing daily life for Indians – particularly in rural areas – through “the low-cost approach of mobile phones and community kiosks” (Nilekani 2009, 356). Often without FM radio reception, “many of India’s 750,000 villages remain isolated except for the cell phone reception that now blankets almost the entire country” (Bellman 2009).

Only recently have scholars been able to quantify the impact of these new technologies. Perhaps the most conspicuous and celebrated study is Robert Jensen’s 2007 publication on Kerala fishermen’s use of cell phones to determine in which port they should sell their catch. As one of the first rigorous, empirical studies of the benefits of ICT, Jensen’s work suggests that between 1997 and 2001, the introduction of cell phones led to a sharp and near instantaneous decrease in price variations among markets with an overall 8% price increase for fishermen and a 4% price decrease for consumers (Jensen 2007). Jensen’s groundbreaking work has led to similar studies in other sectors and locations, such as Jenny Aker’s research into grain prices (Aker 2008).

Overall, rigorous empirical studies on the topic remain limited, but evidence of the impact of ICT is increasing. In essence, ICT is decreasing the transaction cost of obtaining accurate and timely information. In the case of Kerala fishermen, the advent of cell phones significantly decreased the cost of information and thus increased the efficiency of the market. This positive effect of ICT in the market could be replicated in government programs and accountability mechanisms.

Technology and Government Accountability

What are the implications of these technologies for governments and the quest for improving accountability? As described in Section II of this report, the notion of accountability is directly tied to information and, in this way, information is just as important to governments as it is to private actors in competitive markets. Technology’s impact in government, similar to the private sector, decreases the transaction cost of acquiring pertinent information. The lower the transaction cost, the more information can be available to greater numbers of people, thus increasing the likelihood of increased accountability and transparency.

In terms of public service provision, ICTs have three potential impacts. First, by decreasing the costs, ICTs can expand the amount of information that can be shared between clients, policymakers, and providers, the main actors in the service delivery chain. This increased flow of information has the potential to move in all directions among these three main actors. Second, when clients have grievances against providers, technology can provide some assurances for those reporting the problems by making the grievances anonymous. Third, it can play a pivotal role in anti-corruption efforts by increasing transparency through more widespread and publicly available information.

Information and Communication Technology in Andhra Pradesh

AP is widely perceived as a progressive state with “ICT-enlightened political leadership” (Bagga 2005, 73). AP’s commitment to ICT is often linked to the election of the Telugu Desam Party (TDP) and Chandra Babu Naidu, who made the promotion of the information technology sector “one of the cornerstones of his administration” (Dabla 2004, 1). In the ensuing years, a three-pronged policy emerged that promoted the following: private information technology industry to attract foreign investment, higher education institutions that would provide the ICT industry with skilled labor, and electronic government. Although the first two of these policies took the highest priority, electronic government was not neglected. The AP government attempted various programs to integrate ICT applications into governance, including public-private partnerships with ICT private companies and E-Seva. E-Seva is a government initiative that provides efficient services to citizens “through a chain of computerized Integrated Citizen Service Centers” (Chand 2006, 96) to simplify paying utility bills and taxes, registering births and deaths, and filing tax returns. Some criticize E-Seva and other ICT-related initiatives in AP for bypassing “a vast majority of the poor” (Dabla 2004, 15).
The NREGA targets some of the poorest citizens and utilizes information technology through its MIS. MIS is a computer-based ICT network that connects all the Gram Panchayats, blocks, districts, states, and the national government. It is an impressive method of collecting the latest NREGA-related data, publicly sharing it with stakeholders by publishing it through the Internet. However, it is only the providers and policymakers, and not the clients, who are engaging directly with the technologies. The authors of this report argue that there are some ways in which existing and emerging ICTs that engage clients directly in rural areas could be leveraged to improve governance and service provision within the implementation of the NREGA. These are detailed in the Recommendation section of this report.

VI. Relevance of NREGA and Social Audits to Other Sectors

The focus of this section is to explore the applicability of social audits to the provision of public services — particularly, education and health. This section includes an analysis of some of the problems shared by the education and health sectors, and proposes a set of local accountability measures that can help address these problems.

A. Problems in Education and Delivery of Health Services

The main problem with publicly provided education and health services is the lack of direct accountability between providers (teachers and health workers) and consumers. Consumers only influence providers indirectly through policymakers (the “long route” of accountability explained in Section II). There are weaknesses in the “long route” of accountability in health and education within all accountability lines: between consumers and policymakers, policymakers and providers, and consumers and providers.

Lack of decentralization is both a general problem in the provision of public services in India, and one of the main reasons for poor accountability. It affects accountability through two channels: the ‘consumer–policymaker line’ and the ‘policymaker–provider line.’ In the former case, the national or district governments are not aware of local needs. In the latter case, this leads to poor monitoring mechanisms, as national or district governments are removed from the service delivery point. In essence, reporting lines and responsibilities are unclear, and there is no systematic monitoring scheme.

The current service provision duties and budget allocations in health and education are performed at the district level, without providing the necessary autonomy at the Gram Panchayat and village levels. Several initiatives have called for decentralization in health and education, but they have only achieved partial decentralization. The creation of Village Education Committees (VEC) and Village Health and Sanitation Committees (VHSC) is the latest attempt in decentralizing powers in these sectors.34 State governments have done little to allow local governments to establish, activate and empower these committees, assigning them only limited functions and providing scarce budgets. Furthermore, the current composition of the committees creates conflicts of interests, as sometimes it is committee members themselves who need to be audited. Finally, there is very little community awareness of the existence of VECs and VHSCs.

The weakness in the accountability between consumers and policymakers is exacerbated by the lack of regular collection and analysis of data, and deficient accessibility to existing information. In terms of education, information asymmetry hinders parents’ ability to monitor their children’s education, whereas in health, the same asymmetry of information leads to demands for unnecessary medications (particularly antibiotics) from clients when visiting doctors. Increasing information availability is critical to raising awareness and essential in increasing the voice of citizens. Furthermore, villagers’ interests are diffuse (even more in the case of patients), whereas providers are organized in interest groups (Chaudhury et al 2006). This makes it more difficult for villagers to garner political support when they wish to hold officials accountable, particularly given that outcomes in health and education are either long-term (i.e. improvement of education quality) or intangible (i.e. absence of illness).

The problems of lack of accountability in health and education are manifested in an array of deficiencies within the sectors, in particular, high absentee rates by teachers and health providers, low quality of services, corruption and lack of infrastructure. In the case of AP, researchers found that the official teachers’ absence rate is 25% (Rogers and Vega 2009). Absenteeism in AP is estimated at 46.4% for doctors and 31.4% for nurses (Chaudhury et al, draft April 2009). Unofficial absenteeism occurs for a variety of reasons, many of which are caused by

34 VECs functions include: monitor performance of schools, report problems to higher authorities, request additional resources when needed (indirect control), decide whether contracts of community-based teachers should be renewed, recruiting new hires, and allocating the additional resources for improvements of the school (direct control) (Banerjee et al, 2008). VHSCs’ responsibilities include: discussing and developing a Village Health Plan; maintaining the village health register; overseeing health workers (not including doctors); conducting household surveys, health camps, sanitation drives, and nutrition and education campaigns; establishing vector control measures; building transport communication to access emergency ambulance services, among others.
lack of accountability mechanisms between consumers and providers, and deficient accountability mechanisms between providers and policymakers.

Based on the current payment mechanism for health workers and teachers, there are no incentives to ensure workers come to work. Payment for providers, both in health and education, is done at the state level, which is removed from the local level where services are delivered; thus, monitoring is practically non-existent (Hammer et al. 2006). Schools and clinics that are far away from the nearest Ministry office have higher absenteeism rates, as they are less likely to be monitored (Chaudhury et al. draft April 2009; Rogers and Vega 2009). Higher-ranking providers, such as doctors and head-teachers, are more likely to be absent, as having more power makes it even harder to hold them accountable; lower-ranking providers are monitored by doctors and head-teachers, whereas higher-ranking providers do not have a supervisor to monitor them.

The system's lack of incentives to reinforce good performance and non-competitive hiring process are two of the main reasons for low quality of services — teachers and health provider are paid regardless of absences, effort, and/or quality of service provided, and promotions are given without any consideration to performance (Mallipeddi et al. 2009). Better hiring methods and compensation mechanisms are necessary to improve the quality of service delivery and strengthen the line of accountability between policymakers and providers.

In the case of doctors, their outside earning capacity is an important factor contributing to their absenteeism and low performance (Chaudhury et al. 2006; Rogers and Vega 2009). The opportunity cost strongly affects doctors' absenteeism as doctors receive smaller salaries in the public sector relative to earnings in the private sector (Chaudhury et al. 2006). Incentives for moonlighting — working in their private clinics during official working hours — are high, as doctors are not sanctioned for it.

Moreover, the differences between private and public salaries for doctors push them to demand “additional fees” from consumers who come to public clinics or request to visit doctors in their private clinics. The 2005 Transparency International Report found that 26.5% of those who interacted with public hospitals paid a bribe. The same report found that 18% of those interacting with educational institutions claimed to having paid bribes. The reasons reported were poor monitoring, lack of accountability mechanisms for consumers to express their grievances, lack of information, and unclear lines of responsibility.

Finally, a weak relationship between consumers and policymakers does not permit policymakers to hear the voices of the poor. For instance, consumers do not have a channel to complain about the lack of or low quality of infrastructure in clinics and schools. According to the Rural Health Statistics Bulletin of 2008, there is a shortfall of primary and community health centers in AP. This may be due to the fact that opening small clinics is not as politically visible as the construction of hospitals. Also, villagers do not have a mechanism to request the construction of a clinic in their village. And it is clear that the quality of infrastructure in schools negatively impacts the quality of services. Low quality of infrastructure is exacerbated by the fact that public officials responsible for its improvement are far removed from the schools and clinics.

The problems in health and education are significant and cannot easily be addressed by a single accountability mechanism. A thorough reform is necessary. In the next section we propose diverse solutions that will strengthen lines of accountability.

B. Local Government Accountability Solutions

Due to the complex nature of health and education, it would be difficult to implement social audits like those for NREGA in these two sectors. In NREGA, social auditors mainly look at wage payment to workers for concrete and measurable projects. In health and education, however, the multiplicity of factors that would need to be monitored make it impossible to have a single accountability measure. This section will therefore outline a number of accountability solutions that target the problems discussed above, designed to strengthen the delivery of health and education services at the local level. Solutions will be analyzed within the framework of accountability relationships discussed in the 2004 WDR: relationships between a) citizens and policymakers b) policymakers and providers, and c) citizens and providers.

Increasing Accountability between Citizens and Policymakers

One of the principal ways to increase accountability between citizens and policymakers is to devolve more power to local governments. Full decentralization strengthens the accountability line between policymakers and citizens, as local governments are closer to local demands and therefore easier to hold accountable. Local governments should be responsible for the activation and empowerment of VECs and VHSCs, and to achieve true decentralization, the budget and responsibilities of the VECs and VHSCs need to be increased. The duties of local governments should include the following: monitoring health and education providers, fixing minor infrastructure problems, reporting substantial infrastructure problems to the

---

Holding Government to Account: The Case of the National Rural Employment Guarantee Act (NREGA) in Andhra Pradesh, India

2009-10
Holding Government to Account: The Case of the National Rural Employment Guarantee Act (NREGA) in Andhra Pradesh, India

35

Increasing Accountability between Policymakers and Providers

One way to increase accountability between policymakers and providers is to improve the current payment scheme for health providers and teachers. Such a reform would be challenging, as it would require central and state government buy-in, but such restructuring is critical in order to hold providers accountable. A reformed payment scheme for teachers and health workers should a) decentralize payment and b) tie payment to performance.

VECs should be in charge of hiring, firing and paying teachers. In the case of health, since GPs cannot afford to hire full-time doctors, it would not make sense to assign this responsibility to VHSCs. Instead, GPs could collaborate with neighboring villages to pool money to share a doctor. The only concern in decentralizing payment is that it creates a disincentive for local governments to fill vacancies, as salaries would come from their budget, as opposed to that of states. To avoid this possibility, it is recommended that salary funds be earmarked and a monitoring system at the GP and block levels be established for education and health respectively.

To facilitate tying pay to performance, teachers and health providers should be contracted on an annual basis. Rehiring them would be contingent on performance measured by attendance levels and complaints of parents and clients. Teachers and health workers should be monitored through two mechanisms: 1) random visits by VECs and VHSCs, and 2) use of electronic time scanners. Through random visits, VECs and VHSCs would need to monitor providers’ attendance, activities (or lack thereof), and the way they treat students and clients. They would also be responsible for deducting payments for absences, delays, early departures or moonlighting.

Moreover, village committees should offer extra allowances for absences, delays, early departures or moonlighting. They would also be responsible for deducting payments for absences, delays, early departures or moonlighting. For instance, students’ performance should be examined annually and teachers whose students improve in the examination would receive a bonus for their performance.

To monitor attendance and moonlight of services providers, the use of technology should be considered, namely through electronic time scanners. Providers would need to slide their identification in the scanners that would register their daily time of arrival and departure. Introducing electronic time scanners would be a substantial investment for state governments, but they may prove to be very efficient in tracking providers.

Thematic Gram Sabhas could also be used to improve agency and participation. Health and education-specific Gram Sabhas would give villagers the space to discuss accountability issues in these sectors, while also increasing awareness levels of the quality of service provision. For example, in the presence of the District Health/Education Officers, villagers could complain about poor infrastructure, corruption, as well as problems regarding the duties of VECs and VHSCs. Once again, holding more meetings alone will not solve all accountability issues; however, it is one of the many necessary steps to do so.
In addition to electronic scanners, SMS, mobile recordings, and MIS are a few other recommended technology innovations. For instance, SMS reports can be used to monitor a doctor’s attendance, with patients sending an SMS to VHSC members to report absenteeism or closure of a health facility. The use of SMS technology would enhance both efficiency in the delivery system and citizens’ voice. Moreover, mobile recordings could also be used to increase awareness. For example, there could be a toll free number where villagers could call to learn more about health and education programs. Finally, data collected regularly by VECs and VHSCs should be uploaded to a MIS at the GP level that is connected to the MIS system at the district and state level. The gathered data can serve as a tool for local governments to make important policy decisions in both health and education, and improve awareness levels.

**Increasing Accountability between Citizens and Providers**

Lack of accountability between citizens and providers is another problem that negatively impacts the delivery of health and education services in India. There are few systems that villagers can use to hold their health workers and teachers accountable for the quality of their work. One possible accountability measure to address this is the development of clinic and school-level report cards. Under the leadership of parents, VECs should develop school-report cards through simple reading and math assessments of children. Report cards would give teachers and parents a better understanding of where the school and students stand in terms of academic achievement and will also increase demand for better education services. All the schools in a village could then aggregate their scores in order to develop a village-level report card, which can be publicly displayed in schools and discussed in the Gram Sabhas.

Similarly, in the health sector, clinic-level report cards should be used to report problems concerning infrastructure and personnel, equipment and supplies, service availability, unofficial charges, and quality of care. Results can either be shared in Gram Sabhas to review and prepare action plans to improve health outcomes, or can also be posted at health clinics in order for the public to read them.

**VII. Recommendations**

In this section we present several recommendations that come out of our analysis. First, we present recommendations supported by the analysis of the surveys detailed in Section IV. Second, we suggest using existing ICT technologies as a means of enhancing NREGA and social audit implementation. Third, we analyze the role of the Ombudsman as means to further accountability and finally, we propose the expansion of the role of Village Social Auditors.

**A. Recommendations from the Analysis of the Surveys**

One of the main recommendations that arose from the analysis of the surveys is the need to collect more data in AP to better understand the implementation of the NREGA and social audits, its problems and challenges. The data should be collected in more districts to make the sample representative of the state. The data should focus on: (i) the relation between wages and length of work; (ii) the payment scheme and supervision of the field assistant; (iii) security in the work-sites; (iv) costs to laborers to participate in the NREGA; (v) differential implementation of the NREGA in high-ST villages; and (vi) the grievance redressal process.

In regards to the NREGA implementation, it is important to ensure that there is no differential NREGA implementation that is negatively affecting marginalized communities. For instance, in AP, special attention should be given to villages with high concentrations of STs, as they appear to be disadvantaged in many ways in the NREGA implementation. Moreover, it is important to verify that workers are not being asked to bring their tools to work, as this would exclude poor workers who cannot afford tools.

The data shows that work-site conditions are dangerous to laborers, thus it is extremely important that work-site conditions improve. If conditions are not improved, the evidence of accidents and NREGA-related deaths would call into question the notion that the NGREGA promotes the dignity of laborers through the works offered to them.

The provision of payments needs to be improved and corruption levels at post office level controlled. This could be done through a technology-driven solution (i.e. e-mobile banking), as we will explore in the following section.

Further analysis on the incentive scheme and the role of the field assistant is required. The original design emphasized the demand-driven nature of NREGA and its guarantee of targeting the most needy. The analysis found some evidence that the field assistant has incentives to give work to those who are not demanding it, thus the role of field assistant should be re-evaluated. As awareness of NREGA increases, it will be easier to identify the exact role and impact of the field assistant as lack of demand of work from laborers will be less likely to be attributed to a lack of understanding of the scheme.
It is important to collect better data on the role of knowledge on people’s participation in the NREGA, as this can inform where the government should expend resources. If the analysis finds that an increase in knowledge increases NREGA participation, resources would be wisely spent on awareness campaigns targeting lower castes, women and less educated.

It is also important to improve villagers’ perceptions of the NREGA and understanding of the social audit process. To achieve this, grievance redressal should always be accompanied by immediate sanctions in the Social Audit Forum.

Finally, if NREGA is meant to act as the main social safety net for rural India, it should not be limited to 100 days per household. And to ensure that all households have a chance to receive work, the government should look at average days worked per household demanding work rather than percentage of households receiving 100 days of work.

B. Technology as a Support Mechanism

Technological innovation provides further opportunities to improve the NREGA implementation. In particular, the widespread use of mobile technologies such as cell phones throughout rural India provides an untapped opportunity with vast potential.

**Mobile Technologies to Market the NREGA – Increasing Information Flow to Citizens**

Our analysis suggests that a significant segment of the rural population in AP is still unaware of the existence and basic tenets of the NREGA. During interviews in Hyderabad, despite their best efforts, NREGA officials lamented the difficulty of communicating to average citizens the rules of the program and their rights. Many efforts to date seem to be through message boards posted in the village or relying on field assistants to spread information through word of mouth. Because the success of the program hinges in part upon the empowerment of citizens, the population’s understanding of the NREGA and its tenets is essential. With this in mind, cell phones provide a unique opportunity to bypass intermediaries and market the NREGA directly to local citizens.

We suggest a pilot project be undertaken in a small number of districts that would use cell phones to increase the flow of information directly to clients. NREGA officials can collect cell phone numbers at Social Audit Forums or the field assistant could be responsible for collecting and submitting a list of phone numbers from the village to the Program Officers. Because literacy is an issue in many places, we suggest using pre-recorded voice messages to educate the population in the following ways:

- Periodic pre-recorded messages could provide basic information about the NREGA and the rights every villager has. For example, a professionally recorded version of the “NREGA song” could be sent out directly to citizens via their phones.
- Messages at different times could also detail specific information about the date and location of the next social audit in a village’s specific area. Likewise, the Gram Sabha could be advertised this way.
- Pre-recorded messages could provide the name and contact information of local field assistants or other NREGA-related resource people in their area.

**Monitoring of the NREGA – Improving Information Flow from Citizens**

These technologies can also be used to improve monitoring of the NREGA and increase the flow of information from citizens to policymakers at higher levels. Currently, citizens who have complaints about certain aspects of NREGA can only go to their local Program Officer or field assistant, who may or may not be helpful to their cause. But technology can make it easier for information flows to go to other, higher levels of authority. One option would be to have a centralized call center that hears complaints about corruption or other problems within NREGA projects. In this way technology could augment the social audit process by empowering local people and making it easier for clients to have a voice.

**Using Cell Phones to Streamline Payments to Laborers**

Another interesting way to incorporate technology to enhance the effectiveness of the NREGA, though not without its challenges, is in its methods of paying laborers. As described in Section IV, our data suggests that the number one complaint by laborers was in delayed or insufficient payments. In many parts of the globe, all kinds of actors – from private, non-profit, and public – are starting to use cell phones as a means of transferring money using nothing more than their cell phone. The M-Pesa service provided by Vodafone and Safaricom in Kenya is just one example of this. In a similar manner, by partnering with AP cell phone companies, NREGA officials could bypass the problem of slow payments and potential corruption at post offices and transfer authorized funds directly to laborers.

The above suggestions and ideas are just a few examples of how current technologies can be leveraged to further the impact of the NREGA and social audits. Obviously, full implementa-
tion of these ideas will not be simple, and the discussion here is only meant to raise a few possibilities. In addition, there are a few issues to keep in mind. First, it should be noted that the evolution of technological innovation and usage is expected to continue into the foreseeable future and any decisions and plans should at least consider how new technologies may be added to current infrastructure. Second, the private nature of cell phone companies in AP means that many of these ideas will require a certain public-private approach, which should not be seen as a problem but only as a factor to bear in mind. In sum, there are many promising possibilities to leverage technologies currently in usage and increase the impact of NREGA.

C. Ensuring Ombudsmen Are Kept in Check

As described in Section III, the GoI has instituted an ombudsman program to assist with the grievance process of the NREGA. Although this is a promising idea, it is not without potential problems. In particular, the ombudsmen may have excessive autonomy and discretion in deciding cases. Although the Selection Committee does appraise the ombudsmen’s performance, removal of corrupt ombudsmen is yet to be tested. One recommendation would be to create an anonymous “trusted agent” within the state government to submit an independent assessment of the Ombudsmen’s performance. This individual could also have a one-year term limit to ensure that he or she remains objective.

D. Expanding the Role of Village Social Auditors (VSA)

One of the responsibilities of VSAs is not only ensuring villagers participation, but also creating awareness about the social audit process in the villages (VSA Handbook, 2007). During site visit interviews of in Warangal District, AP, five VSAs said they became auditors to bring a “sense of awareness” to their communities. One way to enhance awareness of the NREGA and social audit process among villagers would be instituting formal “Adult Education Classes” run by the VSAs. These classes would be held throughout the year by the local VSAs, covering the basics of the NREGA as well as the RTI. VSAs could run “mass awareness campaigns” in their respective villages to ensure all villagers are aware of their rights, are informed about the work guarantee, and feel free to speak out against corruption.

References


World Bank. 2007. The People’s Campaign in Karnataka Experiment Data
