

Role of Social Audit in development of rural area through PRIs – A case study of Shimoga region

* **Ms.Krupa, V.D.**

Abstract

Social audit can be used in the various sectors like health, water, financial institution, organizations, companies, public and private sectors, with the help of social audit, industries can measure their performance. The social audit got a legal statue after incorporation of the 73rd amendment to the Indian constitution regarding panchayat raj institutions. This amendment gave power to gramsabha to conduct social audits and it has with this historic amendment that the concept of social audit gained importance in our country. The gramasabha shall conduct regular social audit of all the projects under the scheme taken up with in gram panchayat. So this study analyzed the performance of PRIs through social audit practice in Malnad region i.e, Shimoga Districts. It is purely based on primary data which has used convenient method of sampling method. The result has contributed that, social audit practice through gramsabha has developed the rural area but still there is a need for effective implementation of social audit practice. Sogovernment should provide training to panchayat raj employees to effectively carry social audit apart from this other institutions such as NGOs need to support villagers to conduct social audit.

Key Words: Panchayath Raj Institutions (PRIs), Gramsabha, Development, Performance, Amendment

JEL classification: Q35, R12, R23, R18

Introduction

The human nature is to commit mistake and when there is an easy flow of funds there are greater chance of misuse,hence it is necessary to monitor his activities, the bureaucratic pyramid was developed in public service and special check measure were initiated through exercising as

*Faculty Member ,Department of Post-graduation and Research in Commerce, Kuvempu University, Shankaraghata.

control in financial matter. However increased attention has been paid to improving the demand side of democratic governance. That is strengthening the voice and capacity of citizens to directly demand greater accountability from officials and service providers, government are facing an ever-growing demand to be more accountable and socially impassible and the community is become more assertive about its right to be imposed and to influence government decision making process faced with these various demand the executive and the legislation civil society organization. These reflects a growing ship to democratic governance issue related to public policy making empowerment and citizen particularly all of which come from the basis for social audit.

The social audit is a monitor and verifies the social performance claims of the organization and institution. It is particularly and can be anticorruption and efficiency enhancing mechanism. It is based on the premise that citizens want and have the right to know that the government does, how it does it, how it impact on them and that the government has an obligation to account and be transparent to citizens and it is a formal review of a institution evidence in social responsibility and it look at factors such as companies or organization records of charitable giving, valuator activity energy use transparency and work environment.

Social audit can be used in the various sectors like health, water, financial institution, organizations, companies, public and private sectors, with the help of social audit industries can measure their performance. The social audit got a legal statue after incorporation of the 73rd amendment to the Indian constitution regarding panchayat raj institutions. This amendmentgave power to gramsabha to conduct social audits and it has with this historic amendment that the concept of social audit gained importance in our country. The gramasabha shall conduct regular social audit of all the projects under the scheme taken up with in gram panchayat.

The gramapanchayat shall make available all relevant document including the musters rolls, bills, vouchers, measurement book copies of sanction orders and other connected books of account and papers to the gramapanchayat for the purpose of conducting the social audit.

1. Review of Literature

Dr. Arindam Ghosh and Asit Gope (2012) they made a study on **Social audit : How Do We Analyze it?**, they stated that, social audit as a examination of the social performance of a business enterprise to words the society and the success of social audit depends on the selection of various indication for the collection of data, selection of stakeholder and identification of core social values and the needs more multistakeholder initiatives ,disagreements over how for down the supply chain companies should monitor inadequate education of workers regarding their CSR related rights and the failure to focus on the root causes of non –implementation so social audit offers a lot of promising benefits such as building up good relation with people including cordial industrial relation and employment in general it contributes to national economic growth through expansion and employment generation.

Rabi Narayan dash (2012), he made a study on **Social Audit: A Gap Analysis Techniques**, he states that, social audit is a process to maintain transparency in the system and to make the authorities more accountable to words general people. It must analyze the gap between sanctioned and actual. Article 40 our constitution – in this contest social audit is a part meant for complete fulfillment of article 40 with this the duty to cross –check the efficiency of the system. The concept social audit with in every target communities and make the self – sufficient to conduct social audits. Social audit is a part swaraj when the whole concept of swaraj will be considered the the target group design the project evaluate the project analyze the gap and finally suggest measure and hence the gap will be completely minimized. This will be developed a social transparency regime.

Rajesh Kumar Sharma (2012), he made a study on **Relevance of Social Audit in Government and Private Sector**, he states that, social audit is supplement to the conventional audit because it sector relevant both private and public sectors. In private social audit is a systematic study and evaluation of an organization's social performance as distinguished from its economic performance and social audit private sector is more of a choice than compulsion. As a result, private has not shown so much interest in going for social audit. and in case of public sector social audit term used way back in 1950s, there has been series of activities since then as more and

more organization have become actively involved in the topic and legal from work of social audit in India is 73rd amendment of the India constitution employment guarantee Act 2005, and right to information Act 2005, and role of CMAs expected that private sectors will be made accountable to society by making social audit and benefit analyses mandatory for any profitable venture. In government sectors will have to be strengthened by provision of positive clause in the already running social schemes like MGNREGA, GRAM SAAK YOJANA as well as clause of social audit.

Manjunatha, K. R (2012), he made a study on **Social Audit –A tool for Business Turnaround and Social Inclusion**, he states that, social audit is a process of checking the extent to which the benefits extended by the government, its agencies and its participants or organization operating in its economic setup have been realized by their stakeholder by setting up necessary control system in place and it is more a mere confinement in the hand of policymaker or the government to check the benefits of their beneficiaries, it has diversified into their scope to include every institution which takes responsibility for providing social harmony and growth where social audit conduct by the government ensures the check of misuse of funds or benefits and in turn, ensure them with enhanced brand equity in the society that can provide them with opportunity for sustained growth and development. This also requires proper integration of functional audit with social audit that can synergize their performance by taking necessary corrective measures as and when requires so as to ensure that the objective of their social responsibilities are accomplished with less deviation as for possible.

Vidya R, Pradeep M & Hiremani Naik (2013), they made a study on **Social Audit –As a Tool for Effective Governance and Development of Funds by PRIs: A Beneficiary’s Perspective Analysis**’ they stated that, social audit was a mandatory component in MGNREGA but now it will be extended to all the programmes implemented by the gram panchayat. It is the process of cross verification of government records with the ground realities. And it creates a platform for poorest and most disempowered to participation in governance. In a democratic system public funds ultimately belong to the people therefore the government must be held

accountable for the manner in which it spends their money. The government must spend public efficiently and effectively and should be spend economically. This technique to understand measure verify and to improve the financial and non - financial performance of the PRIs system. There should be voluntary disclosure of information about the schemes its deliverable and beneficiaries could able to track the information in right time this would help to achieve better rural India. It should be continues basis and it has conduct gram sabha through social mobilization, individuals and collective awareness building, and information dissemination to involve the people in this process.

Gaholt Sushmita (2013), he made a study on **Social Audit in India**, he states that, social audit is a analyzing the current scenario in the field of social audits in implementation of government schemes in India and traces the evolution of the concept over the time span of last 3 decades. Through an example of Andhra Pradesh, Rajasthan and the North Eastern states, it discusses the problems faced while conducting social audits and also suggests measures to improve upon social audits of the various government schemes. Here some of the suggestion that could be used to make the social audit more effective and efficient while conducting a social audit, it is required that the purpose is clearly defined, the stakeholders should be properly identified. The auditor must obtain information from reliable sources. After the introduction of Right to Information Act in 2005 the task is to obtain statistics and other information from the government departments. And the proper mechanisms must be set up in order to recover the swindled money from the corrupt officials hierarchy needs to be defined for conducting social audit and external parties such as NGOs should be involved in conducting audits.

2. Objectives of the Study

- To know about the social audit practices in the Panchayat Raj Institutions.
- To study about the funds provided by the government to the Panchayat Raj Institutions for the rural development in the study area.
- To assess the social audit practices in gram panchayath (study area) from the beneficiaries' perspective.

- To give some suitable suggestions for the effective implementation of social audit practices in the study area.

3. Scope of the Study

The main purpose of conducting this study is to evaluate the social audit practices in gramapanchayaths from beneficiaries' perspective. The geographical area for this study is restricted to Malnad region i.e, Shimoga district, which covered 6 important taluks such as Shimoga, Bhadravathi, Thirthahalli, Soraba, Shikaripura and Sagara.

4. Operational Definition

A social audit is a way of measuring, understanding, reporting and ultimately improving an organization's social and ethical performance. A social audit helps to narrow gaps between vision/goal and reality, between efficiency and effectiveness. It is a technique to understand, measure, verify, report on and to improve the social performance of the organization.

5. Methodology

This study is based on both primary and secondary data.

- **Primary data** has been collected from the respondents through structured questionnaire and used interview method to collect information from the officials of the gramapanchyaths.
- **Secondary data** has been collected from the different sources such as articles, books, papers and websites.

6. Sample Design

- **Population** –People of Shimoga District.
- **Sample Technique** – Convenient sampling method used to conduct the survey.
- **Sample Size** – 150 respondents are selected from different taluks of Shimoga district.

7. Tools of Analysis

The collected data is analyzed through percentage and interpreted.

8. Analysis and Interpretation

Table no: I: Profile of the respondents.

Gender		
	No. of Respondents	Percentage (%)
Male	81	54
Female	69	46
Total	150	100
Age Group		
Below 20 years	-	-
21-40 years	84	56
41-60 years	60	40
60years and above	06	04
Total	150	100
Occupation		
Agriculture	60	40
Industrial labor	12	08
Self-employment	54	36
Other	24	16
Total	150	100
Annual Income		
Below Rs.1,00,000	51	34
Rs.100001 to Rs.300000	60	40
Rs.300001 to Rs.500000	36	24
Above Rs.500001	03	02
Total	150	100
Education qualification		
Illiterate	39	26
Matriculation	45	30
PUC	36	24
Graduate	30	20
Total	150	100

Source: Survey Result

The above table indicates that, out of 150 respondents majority of them are male i.e, 54% and rest of them are female (i.e, 46%), majority of the respondents are adults belonging to the age group of 21 to 40 years(56%)and rest of them are belongs to the age group of above 41 years, 40% of the respondents having their annual income betweenRs. 100001 to Rs 300000 and rest, and major portion of the of the respondents have just completed matriculationi.e, 30%, 26% of the

respondents are uneducated and rest of the 24% of respondents have completed PUC and 20% have completed graduation.

Table –II: Respondents opinion towards need of PRIs in rural development.

Particulars	No. of Respondents	Percentage
To meet basic needs of rural people.	12	8
For rural development.	57	38
Empower rural people.	45	30
To develop infrastructure facility in rural area.	30	20
Extension of irrigation facility	06	4
Total	150	100

Source: Survey Result

The above table shows that, majority of respondents are opined that, PRIs are necessary for rural development because PRIs are government body which acting as a media between government and public, which receives various grants from state and central government for the purpose of rural development and gives all public utilities to the general public.

Table - III: Sources of revenue for PRIs for Rural Development.

Particulars	No. of Respondents	Percentage
Central governments grants.	60	40
State government grants.	57	38
Revenue collected from rural people.	33	22
Total	150	100

Source: Survey Result

The above table shows that, major sources of revenue for PRIs are central government grants because central government is act as a regulatory body so it provides good source of revenue to the PRIs and apart from these they also get grants from state government & they collect revenue from rural people.

Table –IV: Respondents opinion towards need of government grants for rural development.

Particulars	No. of Respondents	Percentage
Yes	108	72
No	42	28
Total	150	100

Source: Survey Result

The above table shows that, majority of the respondents are opined that, government provided fund is enough for rural development for some extent because central government and state government provide required funds to gramapanchayat through various schemes.

Table –V: Classification of respondents on the basis of awareness about social audit practice in PRIs.

Particulars	No. of Respondents	Percentage
Yes	129	86
No	21	14
Total	150	100

Source: Survey Result

The above table shows that, majority of the respondents are aware about social audit practices in PRIs because gramapanchayats are providing information to the villagers about the various activities through gramsabha.

Table –VI: Respondents opinion about need for Social Audit in PRIs

Particulars	No. of Respondents	Percentage
To measure strength of the democratic structure of society.	45	30

To increase the public co-ordination.	45	30
To stop the misuse of funds at gram panchayat level	54	36
To control over the gram panchayat.	06	4
Total	150	100

Source: Survey Result

The above table shows that, majority of the respondents are opined that, social audit is necessary because it helps to stop the misuse of funds at grampanchayat level, increases public coordination, strength of the democratic structure of society and it controls the gram panchatath.

Table –VII: Respondents opinion about role of Social Audit practices in PRIs leads to an economic development of rural area

NR- Number of respondents

Particulars	Strongly agree	Agree	Neutral	Dis agree	Strongly dis agree
	NR	NR	NR	NR	NR
By providing fair data to upper level authorities.	23	14	10	2	1
Systematic way expanding funds	5	10	16	4	15
Possible to save maximum savings	17	14	7	8	3
It provide a legal sanctions	7	14	6	13	10
Transparency in fund management	12	14	9	8	7

Source: Survey Result

The above table shows that, majority of the respondents opined that, social audit practice in PRIs leads to an economic development of rural area because it provides fair data to upper level

authority, it helps to systematic way of expanding funds, it possible to save maximum savings, it provides a legal sanctions and it gives transparency in fund management.

Table –VIII: Perspective of social audit preference

Particulars	Highly Important	Important	Moderate	Not Important	Not Necessary
	NR	NR	NR	NR	NR
Financial perspective.	23	14	10	02	01
Non-financial perspective	05	10	16	04	15
Beneficiaries perspective	17	14	07	8	03
Shareholders Perspective	07	14	06	13	10
Learning and growth perspective	12	14	9	08	07

Source: Survey Result

The above table shows that, majority of respondents are opined that, social audit is more useful for beneficiaries from financial perspective because helps for systematic way to know the fund available and expenses incurred it and also provide fair data to the beneficiaries.

9. Findings

From the above analysis the following observations are made

- Most of the respondent’s educational qualification is below S.S.L.C and most them are engaged in agriculture.
- From the survey it is found that, as majority of them are agriculturist their having annual income between Rs.1,00,001 to Rs.3,00,000 and below Rs 100000.
- Most of the respondents strongly agreed that, implementation of rural development schemes and projects are effectively carried by Panchayat Raj Institutions & it is agreed that it reduces the poverty, inequality, & exploitation.

- Panchayat Raj Institutions are needed fund for rural development for the purpose empower the rural people, development of infrastructure, meet basic needs of rural people.
- Central government grants funds to the Panchayat Raj Institutions & it agreed by the majority percentage of the respondents.
- Of course grants are provide by central and state government but major portion of grants are from central government which is sanctioned for rural development under various schemes.
- Majority of the respondents opined that funds provided by the government under various schemes are enough. But some opined that it's not sufficient to meet the various needs of PRIs.
- In every respondents family not less than two to four members are taking benefits from various schemes of the government through panchayat.
- Panchayats are practicing social audit & it agreed by 86% of the respondents through the means of gramsabha.
- In this study area social audit practice is taken by various means but most effective method is conducting gramsabha.
- Social audit practice is carried in gram panchayat to stop the misuse of funds at gram panchayat level.
- There is a lack of support from the officials to practice the effective social audit practice.
- The respondents opined that social audit is providing fair data for economic development of rural area.
- From respondents' perspective, main reason for social audit is prepared for financial perspective.

10.Suggestions

- Panchayat should educate the villagers about the social audit.
- The government should provide training to panchayat raj employees to effectively carry social audit.

- The funds granted by the government should only be utilized for rural development purpose, like a rural sanitation, computer educations to villagers.
- State government has also need to sanction more fund to Panchayat Raj for development of gram panchayat.
- There is a need to create more jobs to the rural people under various schemes especially during off season.
- Panchayats has to implement social audit for all the programes.
- The social audit practice should be approved by the top officials of the gram panchayats effectively.
- Government should take necessary provisions by providing amendments in constitutions with respect to social audit.
- Panchayat Raj can improve the quality of social audit by adding further working projects.
- Social audit practice can be implemented in all the pannchayats all over the country.
- NGOs need to support villagers to conduct social audit.

11. Conclusion

Social Audit is no more a mere confinement in the hands of the government, to check the realized benefits of their beneficiaries, it has diversified into the scope to include in every institution which takes responsibility for providing social harmony and growth. Were social audit conducted by the government ensures the check of misuse of have to ensure that the social audit by the corporates will have to ensure that the social development activates initiated by them as a part of social responsibility is provide for inclusive growth the society, and in the society, and in turn, ensure them with enhanced brand equity in the society that can provide for inclusive growth of the society, and opportunities for sustained growth and development. This also requires proper integration of functional audit with social audit that can synergize their performance by taking necessary corrective measures as and when required so as to insure that the objective of their social responsibilities are accomplished with less deviation as far as possible.

Panchayath Raj Institutions are developed by the GOI with the key objective of rural development. But on the other hand there is a need for evaluating the performance of PRIs so the concept of social audit as introduced, whereas Gramsabha is working as social audit practice which has also become the means for rural development in the study area and also increased the performance of PRIs. But still there is a need for improvement of social audit practice in the study area.

References:

1. Arindam Ghosh AndAsitGope(September 2012), Social Audit:“How Do We AnalyzeIt?”The Management Accountant, Vol.47,No.9, Pp.1045-1045.
2. GahlotSushmita (November 2013), “Social Audit in India”, International Research Journal Of Social Science, Volume. 2 (11), 41-45, pp. 41-45.
3. Manjunatha K. R(September 2012), Social Audit- “A Tool For Business Turnaround And Social Inclusion”, The Management Accountants, Vol.47.No.9, Pp. 1035-1039.
4. Narwani. G.S. (2002), Training for rural development, Rajwat publication. Jaipur & New Delhi, pp. 153-172.
5. Rabi Narayan Dash(September 2012), Social Audit: “A Gap Analysis Techniques”, The Management Accountant, Vol.47.No.9, pp. 1046-1049.
6. Rakesh Prasad (2011), Panchayat Raj in Action, Abhijeet Publication, Delhi, pp 169-186.
7. Rajesh Kumar Sharma (September 2012), “Relevance ofSocial Audit InGovernment and Private Sector”, The Management Accountants, The Journal For CMAs The Institute Of Cost Accountants Of India,Vol47.No.9, pp. 1032-1034.
8. Ravi GOEL (2012), Panchayat Raj & Rural development, Sonali Publication, New Delhi, pp. 89-105
9. Vidya R, Pradeep M. & Prof. HiremaniNaik(December 2013), “Social Audit as a Tool for Effective Governance and Development of funds ByPris: A Beneficiary’s Perspective Analysis”, The Management Accountants, Vol.47.No.9, Pp. 1441- 1446.
10. Yesudian (2007), “Poverty Alleviation Programmes In India: A Social Audit”, Tata Institute Of Social Science, Mumbai, India

11. <http://www.balancosocial.org.br>
12. <http://www.ssaat.ap.gov.in>
13. <http://www.unpanal.un.org-social> audit –A Toolkit, centre for good governance
14. <http://www.panchayat.nic.in>