

Can Community Monitoring Improve the Accountability of Public Officials?

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This article discusses the nature and characteristics of monitoring the National Rural Employment Guarantee Scheme's implementation with a focus on the community control mechanisms existing in the two pioneering states of Rajasthan and Andhra Pradesh. These two states represent two relatively diverse models. Elements of both models need to be incorporated in order to make the process of community control of public programmes effective and sustainable.

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Public programmes in most developing countries are notorious for being ineffective due to rampant corruption. One of the oft-emphasised mechanisms whereby they can be made effectual is of giving control to local communities in the implementation and monitoring of such schemes. However, evidence on the effectiveness of community control in improving the delivery of public goods and services in developing countries is conflicting. Some recent studies suggest that community monitoring of public programmes can have only a small or insignificant impact on reducing corruption or improving the accountability of public officials [Banerjee, Deaton and Duflo 2004; Olken 2007]. This is likely to be the case when the threat of legal punishment of errant public officials by the community is not credible or there are free-riders due to the public nature of the goods or services being monitored. In addition when local authority or power has been captured by a few elites [Bardhan and Mookherjee 2000] community control can be rendered futile. But on the other hand, Bjorkman and Svensson (2007) find that the initiation of a dialogue between public health providers and local villagers improved the delivery of services in rural Uganda and pressures created by possible social sanctions were effective in reducing the errant behaviour of public servants in rural China [Tsai 2007].

The recent spate of social audits of public projects under the National Rural Employment Guarantee Scheme (NREGS) in India provides an opportunity to re-examine the question of the impact of community monitoring in the Indian context. Given the increasing emphasis on decentralisation of administration to the grassroots level across the developing world, particularly in India, as a means of empowering

local communities, the findings of the aforementioned research begs the question of whether audits of public programmes by local communities can be effective and sustainable in improving accountability of public officials. If proved effective, answering this question can also help in understanding the institutional characteristics or the nature of community participation that determines the success of community monitoring.

Thus the aim of this article is to discuss the nature and characteristics of the community monitoring of NREGS so far, with an emphasis on the community control mechanism existing in the two pioneering states of Rajasthan and Andhra Pradesh (AP). These two states represent two relatively diverse models of community participation and monitoring. This article highlights the need for incorporating elements of both models in order to make the process of community control of public programmes effective and sustainable in rural India.

The NREGS

Enacted by the central government as the National Rural Employment Guarantee Act (NREGA) of 2005, the NREGS came into effect, on a pilot basis, in February 2006 in 200 economically most disadvantaged districts of the country. The NREGS, unlike existing social welfare programmes, is a law whereby any adult willing to do unskilled manual labour at a statutory minimum wage is entitled to being employed on public works within 15 days of applying for work in rural areas. Each rural household is eligible for up to 100 days of employment in a financial year. It is thus a legally enforceable right with tremendous potential for providing food security and creating durable community assets for sustainable development of rural areas. The programme gains great significance given the concerns of rising disparity in incomes and economic opportunities between rural and urban India in the last decade [Deaton and Dreze 2002].

However, despite the laudable objectives of this and other public programmes in India, there is almost always scepticism about their success due to significant levels

of corruption in implementation. A recent study by the Centre for Science and Environment [CSE 2007] refers to the Indian government's findings which indicate that only 15 per cent of funds allocated to a public programme reach the intended beneficiaries. The issue of misconduct and corruption in public office takes greater significance under the NREGS than other social programmes since expenditures in this programme are demand driven. In other words, the upper limit on potential funds to be made available to a local community is more likely to be set by the extent of demand for employment in that community.

Table 1: Allocation under Employment Generation Programmes (Rs crore)

Programme	2004-05	2005-06	2006-07	2007-08	2008-09
NREGS	0	0	11,300	12,000	16,000
SGRY	5,100	4,000	3,000	2,800	0
Food for work	0	6,000	0	0	0

Source: Ministry of rural development, government of India.

Table 1 shows the allocation of funds (budget estimates) by the central government to employment generation schemes since 2004-05 in current prices.¹ Before the introduction of the NREGS, the Sampurn Grameen Rozgar Yojana (SGRY) was aimed at generating employment in all districts across the country since September 2001. This was supplemented by the food for work programme in 150 drought affected districts by the United Progressive Alliance (UPA) government in November 2004.² This programme was also a precursor to the NREGS. The 200 NREGS districts in phase I included the 150 food for work districts. Phase II expanded the number of districts under the NREGS to 330 in 2007-08 and finally to all districts across the country from April 2008. Thus since April 2008 both the SGRY and the food for work programmes have been subsumed under the NREGS.

A look at the figures in Table 1 suggest that with the initiation of the food for work programme the funds allocated under employment generation schemes increased significantly between 2004-05 and 2005-06. The 150 most backward districts received an additional Rs 6,000 crore in 2005-06. In the following financial year, the funds allocated to these same 150 districts (and an additional 50) almost doubled to Rs 11,300 crore. Thus funds

available to district governments, on an average, have increased substantially since the initiation of the food for work scheme and its transition into the NREGS.³

Table 2 shows the availability and utilisation of total funds (centre and state) under the NREGS in AP and Rajasthan in financial years 2006-07 and 2007-08 (up to January, 2008).⁴ Availability of funds includes the current year's allocation and previous year's release in the current year. It is important to note two aspects. First, the allocation of funds for an average district has not increased significantly in either state between 2006-07 and 2007-08. However, there has been a striking increase in utilisation of funds over this period. In AP, utilisation of funds has risen from less than 60 per cent to nearly 91 per cent. In Rajasthan, NREGS expenditures were higher than the available funds, on average, in 2007-08.

Overall, the utilisation of funds has increased significantly since the programme's inception, on average, across districts covering the country. An extreme case in point is Arunachal Pradesh where utilisation went up from 18 per cent in 2006-07 to more than 80 per cent in 2007-08! The increase in fund utilisation could be due to one or a combination of the following reasons. First, an increase in awareness of the existence and provisions of the programme may have raised demand for work leading to greater

today) would lead to higher expenditures.⁵ However, even if neither of the above two occurs, greater leakages of funds due to corrupt practices of local officials (such as wage payments to non-existing labourers) could lead to increased expenditures being filed officially. Certainly the first two scenarios are likely to have occurred as awareness of the programme rose. Nevertheless, in order to determine the extent of its real success in reaching the intended beneficiaries it is imperative to closely study expenditures being filed by local governments. This is particularly important when funds available to local governments have increased and the potential for their misuse has not diminished.

Thus, foreseeing the potentially high expenditures and their significance for poverty alleviation, the NREGA mandates the conduct of regular "social audits" by village communities to allow ordinary citizens the right to control and monitor expenditures by their local government on public projects under the scheme.

'Social Audits': An Effective Tool?

The panchayats at the district, intermediate and village level are the principal implementing agency for NREG works. Under this scheme the gram panchayat at the village level is the lowest administrative unit.⁶ Under the NREGA, the gram panchayats are expected to convene, at least annually, meetings of the gram sabha

Table 2: Availability and Utilisation of Funds under NREGS in Andhra Pradesh and Rajasthan

State	2006-07				2007-08			
	Available (Rs lakh)	Utilisation (%)	Employment (Lakh Persondays)	Number of Completed Works	Available (Rs lakh)	Utilisation (%)	Employment (Lakh Persondays)	Number of Completed Works
Andhra Pradesh	1,14,224.39	59.55	503.32	55,822	2,08,374.75	90.87	1,245.42	53,865
Phase I	1,14,224.39	59.55	-	-	1,59,453.38	86.26	-	-
Phase II	-	-	-	-	48,921.37	110.01	-	-
Rajasthan	85,617.30	80.95	806.21	5,740	1,44,069.79	102.54	1,135.27	44,347
Phase I	85,617.30	80.95	-	-	97,017.23	96.93	-	-
Phase II	-	-	-	-	47,052.56	114.11	-	-

Source: Ministry of rural development, government of India.

utilisation of funds. Table 2 indicates this may be the case as the number of person-days of employment generated has risen. Second, even if demand remains unchanged a rise in the statutory minimum wage (which is the case in several states where the wage rate has increased from approximately Rs 60 at the time of the programme's inception to more than Rs 80

(all adult residents of the panchayat) to estimate the demand for labour, and to propose the number and priority of works to be taken up in the next financial year. The gram panchayats are responsible for maintaining a shelf of projects, as recommended by the gram sabha, and for the execution and supervision of works. Under the act at least 50 per cent of projects in

terms of costs are to be undertaken and implemented by the gram sabha. In practice, this percentage can be substantially higher.

The gram sabhas are the key monitoring agency for public works undertaken by the gram panchayat under the NREGS. This implies that the gram panchayat is to make available all documents on expenditures under the NREGS projects to the gram sabha on a regular basis. This gives power directly to the local electorate to hold elected officials and bureaucrats accountable to the community. However, the redressal mechanism for any anomaly found in the public expenditures is to be determined by the specific state governments. Thus the bite in the audits can vary across states depending on the credibility of the possible actions that could be taken against public servants found to be corrupt by the audits.

Under this scenario, it is important to note the critical components for conducting regular audits. First, the meetings of the gram sabha should be convened regularly and should be well-publicised beforehand for participation by maximum number of ordinary villagers. Second, ordinary citizens should have the right to access all official documents on project expenditures. The panchayat should make these documents readily available to them. The right to information (RTI) is, therefore, a critical tool for improving ordinary citizen's access to information. Third, and most importantly, ordinary citizens should be able to understand and comprehend the official documents in order to capture any malpractice. This requires a minimum average literacy level in the community.

But even these minimum requirements for conducting a social audit could be daunting in reality. Gram sabha meetings are rarely held in panchayats. Even if they are, the meetings are not publicised but rather convened and attended by the few panchayat office-bearers who are very often the beneficiaries of any misallocated public funds. Moreover, obtaining official records of expenditures by ordinary citizens can be a formidable task in spite of the RTI Act. Public officials can and very often do find several excuses to delay or even deny access to these records. Even if these two requirements are met, the low

levels of literacy and a need for minimum training in understanding the financial documents can make the task of auditing overwhelming, if not impossible, for ordinary villagers.

It is here that the supportive role of state governments, non-governmental institutions and civil society becomes important.

The Social Audit Process

The Mazdoor Kisan Shakti Sangathan (MKSS), headed by Aruna Roy, has played a pioneering role in legalising the RTI and the right to work since 1990 in rural Rajasthan. The MKSS, along with local non-governmental organisations (NGOs) in the district where the audit process is to be conducted, first apply for records of NREGS public works carried out by the gram panchayats under the RTI Act. Once they have obtained these official documents for all works conducted over a certain period, they randomly choose one project per gram panchayat to be audited. These records on expenditures on wage payments and materials are consolidated by a team of auditors which consist of members of the MKSS, local and non-local NGOs and ordinary villager-volunteers. Once the information on labourers and materials used on a project has been consolidated, the audit teams visit the worksite stated in the official documents in each gram panchayat to conduct the social audit. The audit process involves obtaining testimonies of labourers whose names appear on the official records, regarding the number of days worked and wages received by them. This testimony is then cross-checked with the consolidated official documents. The audit teams also conduct verification of materials' expenditure at the worksite. The information obtained from villagers and the on-site visit is cross-checked with the receipts of materials filed in the official documents.

Armed with the findings of the audits, there is a public hearing or "jansunwai" held, usually, in each gram panchayat. This public hearing is widely publicised through a door-to-door campaign by the auditors. Eminent persons, activists and local district officials are also invited to attend. The findings of the audit are read out and villagers are asked to testify against any anomalies found. This process is accompanied by

naming and shaming of public officials by ordinary village residents.

The AP state government has initiated regular, formally organised conduct of social audits of NREGS projects across the state. State resource persons (SRP) belonging to non-profit and civil societies are engaged by the state government to train district resource persons (DRP) and villager social auditors (VSA). The VSAs are potential programme stakeholders belonging to below the poverty line families who are usually well-educated but unemployed. While the DRPs are better trained to conduct audits of expenditure on materials, the VSAs focus on audit of labour expenditures in NREG projects. All auditors are paid an honorarium, including expenditures incurred on the conduct of audits by the state government.

The official documents on the NREG works are made available to the audit teams at the mandal level. The audit teams, consisting of one DRP per panchayat and two or three SRPs per mandal along with several VSAs, gather evidence on any discrepancies found in NREGS expenditures. This includes checking receipts of expenditures on materials through worksite visits and signed statements from labourers who complained about irregularities in wage payments. The audit process also includes village and street level meetings to gather support and evidence on any irregularities in materials and labour expenses. The findings of the audit teams are publicised in a mandal level public meeting. Villagers are intimidated of the timing of the meeting through a door-to-door campaign. The sarpanchs, project technical assistants, field assistants, panchayat secretaries and programme officers along with the local villagers and postmasters are invited to attend the meetings.⁷ The findings for each panchayat, along with evidence gathered during the audits, are presented at the meeting which is presided over by district level development officers and representative of the rural development ministry. In both Rajasthan and AP the findings of the social audit, along with all evidence, are submitted to the district administration for further action.

To sum up, in Rajasthan activists, NGOs and members of civil society, are playing a

principal role in creating awareness of the rights of villagers and in securing their entitlements. In AP the state government has taken the lead in initiating this process and co-opted individuals from non-governmental institutions into it. The Rajasthan model can be called a grass-roots or “bottom-up” approach while the latter has a more “top-down” aspect to it.

Case Study of Social Audits

(a) **Banswara:** In December 2007, this author joined the MKSS and several volunteers (or members of the ‘rozgar evum soochna ka adhikar abhiyan’) gathered in Banswara in Rajasthan, to conduct social audits of NREGS works in this district. An earlier round of social audits had been conducted in Banswara in mid-2007 in which several anomalies were found. The state government, since this last round of audits, had designated Banswara as an “ideal” district in terms of community monitoring.

Ironically, the auditors faced several roadblocks. Extreme opposition to the process from political parties across the board, including panchayat officials such as the sarpanchs, led to reluctance on the

part of the district administration to release the official documents on NREGS works in the district. The opponents of the abhiyan argued that only the gram sabhas were allowed to conduct social audits. Gram panchayat “non-residents” did not have the right to conduct audits and, therefore, the official documents should not be released to them. Pressure created by a dharana by the abhiyan for their rights under the RTI forced the administration to relent and make the official documents available, though the volatile atmosphere in the district made the conduct of audits difficult.

The case of Banswara brings to the forefront the following issues with respect to this model of community monitoring.

(1) Ordinary villagers are very often intimidated by the powerful elites in their village. Thus the conduct of audits in villages without the support of NGOs and members of civil society is wishful thinking. Nevertheless, it is critical to have some minimum level of participation by local NGOs (if not individual programme stakeholders) in the audit process to give it greater legitimacy.⁸

(2) In spite of the existence of the RTI, non-cooperation of government administrations can stall the audit process. State

governments should give clear directive to district or lower level administrations that they are legally bound to release information on demand under any circumstance.

(3) A report of the findings of the audits is filed with the district administration for requisite action, as was done in Banswara in the first round of audits. Interestingly, the Banswara administration then conducted its own investigation to first determine the veracity of the audit findings. This included cross-checking the complaints on wage payments by ordinary villagers. With the exception of a few cases, in most instances the findings of the audit were found incorrect by the official investigation because villagers reported that they had received payments or they did not make the complaint and so on. The administration report then goes on to state that no action, therefore, needs to be taken. However, any one or combination of these events could be the truth. The complainants received their full or partial compensation before the official investigation or they were forced to withdraw their complaints through threats and intimidation or their statements to the audit team were indeed incorrect. Whatever the case may be, there certainly must be some back-room dealings to pacify or silence the complainants. So how reliable are investigations by public officials into the audit findings who may themselves have benefited from misappropriated NREGS funds?

(4) Finally, given the above scenario, the possibility of any credible action taken against errant public officials is considerably reduced. But there have been some instances of unaccounted money being returned due to the threat of social sanctions during the naming and shaming in the public meetings. Indeed, instances of corrupt officials being punished legally or otherwise are few. This in turn could make ordinary villagers feel powerless in spite of the conduct of audits.

(b) **Mehbubnagar:** I attended a public hearing of the findings of social audits conducted in Nagarkurnool mandal of Mehbubnagar district in May 2008. The audit findings indicate that one of the largest discrepancies in NREGS expenditures in the district occurred in Nagarkurnool mandal.

Table 3: Social Audit of NREGS Works Undertaken from April 1, 2005 to May 12, 2008

Panchayat	Total Expenditure (Rs)	Discrepancy (Rs)	Discrepancy (%)	Amount Recovered (Rs)	Expenditure Category of Recovery	Timing of Recovery (wrt Public Hearing)	Accused Individual's Position
Uyyalawada	30,9126	0	0	0		-	-
Auraspalle	9,84,583	2,800	0.28	1,600	labour	before	branch postmaster
Naganul	12,24,877	4,700	0.38	1,700	labour	before	field asst
Nagarkurnool	31,06,625	14,832	0.48	4,832	materials	before	field asst
				10,000	labour	before	field asst
Manthathi	17,24,198	9,479	0.55	0			
Deshitkyl	6,99,000	14,817	2.12	14,288	materials	before	sarpanch
Nallavalli	13,31,039	30,539	2.29	0			
Malkapur	2,14,545	5,500	2.56	5,500	labour	before	field asst
Gaggelpalle	29,06,705	89,575	3.08	89,575	materials	during	technical asst
Thoodukurthy	51,58,097	1,82,876	3.55	0			
Gudipalle	29,64,849	1,96,534	6.63	0			
Ganyagula	23,07,899	1,62,468	7.04	65,424	materials	during	APO
Sripuram	11,16,128	88,658	7.94	0			
Vanapatla	24,04,203	2,02,032	8.40	0			
Pulijal	6,24,068	54,968	8.81	10,000	materials	before	field asst
Bondalapalle	14,72,625	1,48,028	10.05	7,662	labour	before	field asst
Peddarnudnur	39,41,228	4,78,157	12.13	0			
Chendubatla	7,60,861	1,31,296.7	17.26	3,400	labour	before	mediator
Peddapuram	21,51,026	6,22,976	28.96	5,700	labour	before	group leader
				40,000	materials	before	mediator
Yendabetla	29,26,167	1,04,1222	35.58	0			

APO (assistant programme officer).

Source: Rural development ministry, government of Andhra Pradesh.

Table 3 (p 38) describes the findings of the social audits in each panchayat in the mandal. Except Uyyalawada panchayat, unaccounted expenditures were discovered in all gram panchayats in the mandal. These discrepancies were both in labour and material expenditures. In Yendabetla panchayat almost 36 per cent of total expenditures were unaccounted. Despite the wage payments being directed through post office accounts, there were several instances of significant discrepancies in labour expenditures. For instance, in the Yendabetla gram panchayat almost Rs 10 lakh of wage payments made were based on fake muster rolls.

Interestingly, unaccounted expenditures on materials and labour were returned in some instances, as noted in Table 3. In most instances recoveries were made before the public hearing for fear of being shamed during the gathering. In a couple of instances, however, accused individuals accepted their guilt and promised to return large sums of unaccounted expenditures during the public hearing. Overall, less than 9 per cent of the total discrepancy discovered in the mandal was recovered either before or during the public hearing.

While several layers of public officials are likely to share the unaccounted sums of money, sarpanchs remained relatively unscathed during this public hearing. The lowest level functionaries, for instance the project field assistants and the technical assistants who hold the immediate responsibility for the execution of the project, are more likely to be held accountable due to the insidious nature of corruption in public programmes. Further, in light of the substantive unaccounted labour expenditures discovered in this mandal, local public officials together with the assistance of postmasters could be creating fake post office accounts besides extracting bribes from account holders. However, the accountability of postmasters is low in spite of most branch postmasters living in the villages because they are not answerable to the state governments since postal services are a central government service. This was also reflected in low attendance of postmasters in the public hearing.

Unlike Rajasthan, the primary challenge in AP is not the conduct of audits.

Since the state government administratively and financially supports the process audits are being conducted regularly. The AP model, nevertheless, also brings forth some issues:

(1) Given the relatively “top-down” approach of the social audit process, it is possible that the programme stakeholders perceive the audits as a government exercise and do not recognise that they themselves have the right to question the public officials. The state government understands this concern and has therefore included VSAs as grassroots members in the audit teams. However, to protect the VSAs from threats and intimidation by their local public officials who would have misappropriated NREGS funds, the VSAs usually belong to mandals or panchayats other than those in which the audits are being conducted. The concern for the security of the VSAs is valid but the structure of the audit process also presents a unique opportunity in AP to create a sustainable community control mechanism by supporting current VSAs in training other stakeholders in the social audit process within their villages. This could allow for a gradual generation of a more leading role to the local stakeholders in the conduct of audits. This would also allay any concerns that a change in government or political will in the state could stop the process of community monitoring.

(2) The sheer scale of the number of audits being conducted, the volatility of public hearings on audit reports and concerns about the findings of the audits getting diluted due to backroom dealings before the public meetings almost necessitates holding the public hearings at the mandal level in AP.⁹ The findings of the social audits are disseminated at the panchayat level as well. Nevertheless, conduct of a public dialogue between the stakeholders and the officials at the panchayat level, following the mandal level meeting, could potentially generate a greater impact of the social audits on local villagers’ demand for accountability through higher participation by ordinary villagers and more debate on the local expenditure discrepancies.

(3) The public hearings are usually presided over by government functionaries with both the accused and the accusers allowed to present their case before the

presiding officer. The impartiality of a government functionary in conducting the proceedings, however, cannot be taken for granted. Non-government functionaries such as members of civil society could also be invited to preside over the conduct of the public meetings.

Conclusions

The experiences of the two pioneering states of Rajasthan and Andhra Pradesh, in creating awareness of ordinary citizens’ rights in securing their entitlements are both commendable and encouraging. But at the same time there are several lessons to be learned in taking the process of creating sustainable community control mechanisms forward.

The role of NGOs, activists and the civil society in meeting the primary challenge of the smooth conduct of audits at the village level cannot be overemphasised. However, cooperation from the government machinery in timely release of information is also critical. In order for the social audits to have a significant impact on improving accountability, participation of the stakeholders throughout the audit process may be increased over time as they become better trained in understanding official documents. While this process may be slow, the findings of the audits could be disseminated as widely as possible by putting them up in the public domain via different media: public meetings and even electronically. Dissemination of information and public dialogues at a micro level on the findings and any action taken thereafter against erring officials may be costly but the resulting benefits of an empowered community may outweigh the costs. Most importantly, 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. Although the threat of social

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sanctions does seem to create pressures for better behaviour, political will, on part of the government machinery in punishing corrupt officials, might result in a greater impact on reducing errant behaviour.

There is also a need for rigorously studying this process further in order to strengthen it. For instance, answering questions about whether the nature of the programme being audited determines the success of the audit in improving accountability are important. That is, does the sense of public ownership of the asset, the recurring nature of the programme (e.g. school meals) or the relative visibility of corruption (e.g. materials vs wage expenditures) matter? Answering these questions will help us in making this mechanism more sustainable and effective in improving the quality of public services in the country.

NOTES

- ¹ Unskilled wage payments and three-fourths of expenditure on materials (including skilled and

semi-skilled workers) under NREG projects are met by the central government. Under the NREG Act, the materials expenditure is to be no more than 40 per cent of total cost of project.

- 2 The cost sharing under the SGRY programme was 75:25 between the centre and the states. Foodgrains under SGRY were provided free by the centre. The cost of the food for work programme was borne 100 per cent by the central government.
- 3 Although fund availability in Table 1 is not in real prices, given low levels of inflation during 2004-05 and 2005-06 these numbers indicate a real increase in funds available as well.
- 4 There were 13 districts in phase I and six districts in phase II in AP. In Rajasthan six districts were included in Phase I and six additional districts were covered in Phase II.
- 5 For instance, as of December 2007, the minimum daily wage in Uttar Pradesh had increased from Rs 58 to Rs 100, in Maharashtra from Rs 47 to Rs 72 and in Bihar from Rs 68 to 77 (Ministry of Rural Development, Annual Report, 2007-08). The minimum wage in AP and Rajasthan is currently more than Rs 80, on an average.
- 6 The NREGA does not allow for contractors executing the projects.
- 7 The AP government has directed that labourers' wages should be deposited directly into post office accounts in the hope of reducing the possibility of non-payment, reduced or delayed payment of wages.
- 8 The abhiyan's attempt is always to work with local NGOs in the area where the audit is being conducted. Unfortunately, local NGOs could also come under pressure to not participate in the audit process from elements opposed

to the exercise, as may have happened in Banswara.

- 9 A mandal consists of, on average, approximately 30 villages in AP.

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