

# An Analysis of Social Audit in the District of Purba Medinipur in West Bengal with the Help of Mathematical and Statistical Techniques

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## *Abstract*

*“If Brazil has its Bolsa Familia and Mexico its Progresas, famous for the schemes for alleviating poverty; India is recently making news internationally. India’s system of social audits, that is, independent but local auditing of social programmes to fight poverty, like the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), is attracting world attention”. In the light of this statement, an attempt has been made to do an assessment about the social audit conducted in the District of Purba Medinipore District in the State of West Bengal in this regard. There are two dimensions; in commercial term, social audit may be defined as “assessment of the performance of an organisation for the society as a whole vis-à-vis an assessment of its total responsibility to the society”. This concept of social audit is not applicable in the area of government accounting. In case of government accounting and auditing concept, the performance of the organisation in discharging social needs are not assessed, rather society as a whole is acting as auditor to assess the performance of various projects and schemes undertaken by the government agencies and their impact on the development of the society.*

**Keywords:** Social audit, commercial accounting, government accounting, MGNREGA

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## **INTRODUCTION**

### **Concept**

“If Brazil has its Bolsa Familia and Mexico its Progresas-schemes for alleviating poverty that have caught the fancy of international organisations-something that India has done recently is making news internationally. India’s system of social audits, that is, independent but local auditing of social programmes to fight poverty, like the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), is attracting world attention” [1].

In the light of this statement, an attempt has been made to do an assessment about the social audit conducted in the District of Purba Medinipore District in the State of West Bengal in this regard. Before going into the detailed analysis of the performance of social audit in India as a whole and West Bengal in particular, let us start with the concept of social audit. In commercial term, social audit may be defined as “assessment of the

performance of an organisation for the society as a whole vis-à-vis an assessment of its total responsibility to the society”. This concept of social audit is not applicable in the area of government accounting [2]. Here, the performance of the organisation in discharging social needs are not assessed, rather society as a whole is acting as auditor to assess the performance of various projects and schemes undertaken by the government agencies and their impact on the development of the society [3].

### **Social Audit in Government Accounting**

A social audit is a process by which the people, the final beneficiaries of any scheme, programme, policy or law, are empowered to audit such schemes, programmes, policies and laws. A social audit is an ongoing process by which the potential beneficiaries and other stakeholders of an activity or project are involved from the planning to the monitoring and evaluation of that activity or project. To put it in a simpler way, social audit can be

described as checking and verification of a programme/scheme implementation and its results by the community with the active involvement of the primary stakeholders [4, 5].

### **Role of Gram Panchayat and Gram Sabha in Social Audit**

Gram Panchayat (GP) is the lowest planning and administrative unit for development programmes and schemes in India. The scheme guidelines specify that Gram Panchayats should organise social audit. The social audit need not always be a specially organized activity or event but an 'on-going process' [6].

### **REVIEW OF THE EXISTING LITERATURE**

After a detailed review of the existing literature about the related issues of the study, it has been identified that a number of study has been conducted on different social implementation programmes throughout the globe [5]. However, the concept of social audit is unique feature in India and this type of social audit is not being undertaken throughout the globe as yet.

### **RESEARCH GAP**

The concept of social audit in India is not only new but also very unique in its feature. The Social Audit Act was passed in the year 2005 only the process of implementation has started only from the year 2006. However, published data are available only from the year 2009–10. Hence, no study on this issue has yet been conducted specifically in the context of West Bengal [7–10].

### **OBJECTIVES OF THE STUDY**

This study is being conducted with a view to fulfill the following objectives:

1. To assess the implementation of social audit as per the prescribed rules.
2. To evaluate the role of Gram Panchayats in adopting social audit.
3. To identify the awareness of the beneficiaries about social audit and their level of involvement.
4. To compare the performance of social audit in West Bengal as compared to other states in India.
5. To examine the various policy decisions taken by the Government for the

implementation of social audit in India and recommend suitable changes in the policy decisions on the basis of the findings from this study [9].

### **RESEARCH METHODOLOGY**

1. Collection of relevant documents
2. Development of the questionnaire for field testing
3. Collection of data on the basis of revised questionnaire
4. Analysis of the collected data on the basis of Statistical tools [Hypothesis testing (Taking 10 Hypothesis from different dimensions) with Z-statistic test  $z = (\hat{p} - p) / \sqrt{(p \cdot q / n)}$ ]
5. Interpretation of the result and Conclusion reached.

### **Coverage**

For the purpose of the survey, the region is confined to the Purba Midnapore district. It is one of the districts where the National Rural Employment Guarantee Act (NREGA) is successfully executed. In the year 2006, the Ministry of Panchayati Raj (MoPR) identified this district as one of the most backward district of the country and was conceded Backward Regions Grant Fund.

In the survey, I have selected 35 Gram Panchayats out of 223 Gram Panchayats of this District on judgment selection basis, due to saving of time. We know that apparently, all the Gram Panchayat's character is almost same all along West Bengal [11, 12]. So 35 Gram Panchayats selection has been made according to the distance from Bus-lane, which is within 5 Km, 10 Km and 15 Km. (According to stratified within 5 Km, there are 50 Gram Panchayats, within 10 Km, there are 62 gram Panchayats, within 15 Km, 73 and rest above 15 Km from Bus Lane. I have stratified randomly selected 35 Gram Panchayats out of 5 Km, 10 Km, and 15 Km).

Taking five objectives I have studied the performance of Social Audit from 10 different dimensions and accordingly 10 different Hypothesis have developed. The study will test the following [13]

## HYPOTHESES

1.  $H_{01}$  as Null hypothesis–Social Audits are not being implemented as per prescribed Rules and  $H_{11}$  as alternative Hypothesis–Social Audits are being implemented as per prescribed Rules.
2.  $H_{02}$  as Null hypothesis–Role of Gram Panchayats adopting Social Audits are not good and  $H_{12}$  as alternative Hypothesis–Role of Gram Panchayats adopting Social Audits are good.
3.  $H_{03}$  as Null hypothesis–Involvement and awareness of the Beneficiaries about the Social Audits are not satisfactory and  $H_{13}$  as alternative Hypothesis- Involvement and awareness of the Beneficiaries about the Social Audits are satisfactory
4.  $H_{04}$  as Null hypothesis–MGNREGA’s benefits have not reached to the beneficiaries and  $H_{14}$  as alternative Hypothesis–MGNREGA’s benefits have reached to the beneficiaries
5.  $H_{05}$  as Null hypothesis–The Planning scheme implemented according to plan is not satisfactorily and  $H_{15}$  as alternative Hypothesis–The Planning scheme implemented according to plan is satisfactorily
6.  $H_{06}$  as Null hypothesis–The transparency of the information relating to the scheme is not good and  $H_{16}$  as alternative Hypothesis–The transparency of the information relating to the scheme are good.
7.  $H_{07}$  as Null hypothesis–The efficiency and effectiveness and transparency of Muster Rolls are not satisfactory and  $H_{17}$  as alternative Hypothesis–The efficiency and effectiveness and transparency of Muster Rolls are satisfactory.
8.  $H_{08}$  as Null hypothesis–The transparency of Payment of Wages is not satisfactory and  $H_{18}$  as alternative Hypothesis–The transparency of Payment of Wages are satisfactory.
9.  $H_{09}$  as Null hypothesis–Financial disciplines of the fund management are not satisfactory and  $H_{19}$  as alternative Hypothesis–Financial disciplines of the fund management are satisfactory.
10.  $H_{010}$  as Null hypothesis–Overall performance of Social Audit in the District of Purba Medinipore are not satisfactory and  $H_{110}$  as alternative Hypothesis–Overall performance of Social Audit in the District of Purba Medinipore are satisfactory.

### Test of Significance at 1% or 5% Level in the Critical Region Under the Following Formula

Test Statistic $z = \frac{(\hat{p} - p)}{\sqrt{(p \cdot q/n)}}$
Where $\hat{p}$ is observed Sample Proportion mean, $P$ =Assumed value of mean, $q = (1-P)$ , and $n$ =total number of frequency.
<ul style="list-style-type: none"> <li>• Having used the above formula, we have tested the significance of our study relating to column– I respondents.</li> <li>• Testing of Hypothesis using z-test at 1% Level of Significance</li> </ul>
$H_{01}$ : Implementation of Social Audit has not been done as per rules.
$H_{11}$ : Implementation of Social Audit has been done as per rules.
For proving this hypothesis we have needed a mean value. As there are 100 respondents, we assumed that implementation Social audit will be as per rules if it be 60% or more.
<b>So taking Assumed value of mean at 60%)</b>
Then,
$H_{01}$ : $p=60\%$ or 0.60
$H_{11}$ : $p>60\%$ or 0.60
Hence, $p=0.60$ and $q=(1-P)=(1-60)=0.40$
Taking highest Observed Sample Proportion mean ( $\hat{p}$ )=1.233
And the Test Statistic $z = \frac{(\hat{p} - p)}{\sqrt{(p \cdot q/n)}}$
$= \frac{1.2333 - 0.60}{\sqrt{(0.60 \times 0.40 / 100)}}$
$= \frac{0.6333}{0.049} = 12.924$
As $H_{01}$ is two-sided we shall determine the rejection regions applying two-tailed test at 1% level which comes to as under, using normal curve area table: 1
<b>R: <math> z  &gt; 2.58</math></b>
<ul style="list-style-type: none"> <li>• The observed value of z is 12.924 which are not in the acceptance region. Thus, <math>H_{01}</math> is rejected at 1% level of significance</li> </ul>
Hence $H_{11}$ is accepted concluding that Implementation of Social Audit has been done as per rules.

*In the same process, a number of set of questions were asked to assess different aspects of social audit and following are the summarized observations:*

Criteria(Aspects of Social Audit)	Ho R: $ z  > 2.58$	H1 R: $ z  < 2.58$	Conclusion Drawn
1. Implementation Status of Social Audit	12.024 > 2.58 (Rejected)	Alternative hypothesis accepted.	H11 Accepted, Implementation Status of Social audit are very good.
2. Evaluation of Role of Gram Panchayat in adopting Social audit	13.316 > 2.58 (Rejected)	Alternative hypothesis accepted.	H12 Accepted, So, Role of Gram Panchayat in adopting Social audit is satisfactory.
3. Awareness of the beneficiary and their level of involvement	11.75 > 2.58 (Rejected)	Alternative hypothesis accepted.	H13 Accepted, Awareness of the beneficiary and their level of involvement are very satisfactory
4. MGNREGA benefits actually reached to the people	10.81 > 2.58 (Rejected)	Alternative hypothesis accepted.	H14 Accepted, MGNREGA benefits actually reached to the people at a satisfactorily level.
5. The scheme being implemented according to plan.	08.77 > 2.58 (Rejected)	Alternative hypothesis accepted.	H15 Accepted, Hence the scheme being implemented according to plan very well.
6. MGNREG scheme transparent	10.40 > 2.58 (Rejected)	Alternative hypothesis accepted.	H16 Accepted, MGNREG scheme are very much transparent in this District
7. Procurement activities	10.81 > 2.58 (Rejected)	Alternative hypothesis accepted.	H17 Accepted, Hence, procurement of materials and others are at a very logistic way.
8. Maintaining of Muster-Rolls	11.02 > 2.58 (Rejected)	Alternative hypothesis accepted.	H18 Accepted, The maintaining of Muster-Rolls are at a satisfactory
9. Payment of Wages	18.57 > 2.58 (Rejected)	Alternative hypothesis accepted.	H19 Accepted, Payment of wages are very transparent and at a very satisfactory level.
10. To assess Financial disciplines of the fund management	12.65 > 2.58 (Rejected)	Alternative hypothesis accepted.	H110 Accepted, Hence, the financial disciplines are very pleasant and satisfactory.
11. To review of Monitoring and inspection	8.36 > 2.58 (Rejected)	Alternative hypothesis accepted.	H111 Accepted, Easily conclude that monitoring and inspection regularly held satisfactorily in this Purba Medinipore District.
Overall performance	11.83 > 2.58 (Rejected)	Alternative hypothesis accepted.	H112 Accepted, We can easily conclude that Purba Medinipore District is conducting Social Audit as per rules for the upliftment of the inhabitants of this District.

## CONCLUSIONS

### Implementation Status of Social Audit

It is observed from the statistical analysis (as alternative hypothesis is accepted) that the social audit is being implemented as per rules in Purba Medinipore District [14].

### Evaluation of Role of Gram Panchayat in Adopting Social audit

Gram Panchayat has adopted a positive role towards implementing social audit. This is reflected in the acceptance of alternative hypothesis [15].

### Involvement and Awareness of the Beneficiaries

The acceptance of alternative hypothesis reveals that the awareness of the beneficiaries about the social audit is satisfactory in this district.

### MGNREGA's Benefits

MGNREGA's benefits have actually reached to the beneficiaries of the Purba Medinipore District as reflected in the acceptance of the alternative hypothesis [16].

### The Planning Scheme Implementation

As far as the planning scheme implementation is concerned, the role of the district is satisfactory. It is concluded on the basis of acceptance of alternative hypothesis [17].

### The Transparency of the Information Relating to the Scheme

As alternative Hypothesis is accepted—it shows that the transparency of the information relating to the performance of the MGNREGA very good.

### **The Efficiency and Effectiveness and Transparency of Muster Rolls**

The satisfactory role of the Muster Rolls in relation to the efficiency, effectiveness and transparency are reflected by the acceptance of alternative hypothesis.

### **The Transparency of Payment of Wages**

So far as the transparency in the payment of wages in MGNREGA schemes are concerned a positive and satisfactory role played by the Gram Panchayat. This is supported by the acceptance of alternative hypothesis.

### **Financial Disciplines of the Fund Management**

The acceptance of alternative hypothesis implies that the financial disciplines of the fund management are satisfactory.

### **Overall Performance of Social Audit in the District of Purba Medinipore**

Finally we may conclude that (as alternative hypothesis is accepted) overall performance of Social Audit in the District of Purba Medinipore is satisfactory.

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