

Social Audit for Political Parties

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The authors, through this paper propose an independent agency conducting social audit of political parties. A social audit is used to monitor, evaluate appraise and measure social performance with respect to its social programs and social objectives.

We propose that parties undertake a social audit of their policies, ideologies, programs and schemes to understand the impact. A social audit such as this will help understand the impact of a political party's ideology on the people of different social, economic, cultural and religious backgrounds. For the party, utilizing a social audit report can pin point on which areas and what target audiences are best suited for the party's ideology.

Social audit benefits the public at large in evaluating the political parties and their actions. Social audit is also beneficial to political parties. Conducting and evaluating a social audit report can provide a political party with empirical data which can help them understand the public expectations and demands. Social auditing also ensures transparency in the functioning of the parties. Social audit reports will help in increasing awareness amongst the masses. Social audit report can help educate the voters as to the activities carried out by the political party in a specific year. Social audit helps review public perceptions. One probable limitation could be low acceptance of findings of the social audit report among the political parties and hindrance in implementation of such a proposal due to lack of political will.

In this paper the authors have discussed the parameters, benefits, and limitations of conducting social audit of political parties, along with how such a practice can be put to use in the best possible manner in a country like India.

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I. Introduction

Social audit brings about democracy in the functioning of the entities that are involved in ensuring democracy in our country. What the authors propose through this paper is an independent agency conducting social audit of political parties. Social audit involves the government and the people, especially those people who are affected by, or are the intended beneficiaries of the scheme or program that is being audited. Social audit helps bring on board the perceptions and knowledge of the people, and can look at outcomes and not just outputs and can also involve the people in the task of verification. Hence, considering the nature and advantages of social audit, the authors believe that it is crucial and imperative to conduct social audit of political parties.

As regards the scope of the social audit to be conducted, the social audit is to be conducted over the life span of a scheme or programme, and not

just in one go or at one stage as it audits the process, the outputs and the outcome and also the planning, implementation, monitoring and evaluation of the scheme.

Social audit is not a tool whose benefits can be reaped only by organizations. It is used to monitor, evaluate appraise and measure social performance with respect to its social programs and social objectives. Considering the nature of social audit, the authors believe that social auditing can be exploited to its maximum by using it to evaluate the effectiveness of political parties whose major role is of a social nature that affects society to a great extent.

The social audit shall be carried out in order to:-

- Monitor and evaluate the planning and implementation of a scheme/ programme and
- Develop information about economic and social consequences of the party's activities.

II. Process for Conducting Social Audit

The authors propose that independent auditing agencies compile reports combining the financial report with an account of the impact of the party's work with the help of a three-fold process including the following major steps:-

A. Accounting

The National Commission to Review the Working of the Constitution¹ has made recommendations that political parties as well as individual candidates be made subject to a proper statutory audit and that these accounts be monitored through a system of checking and cross-checking through the income-tax returns filed by the candidates, parties and their well-wishers. The Commission had also suggested that the audit should not only be mandatory but it should be enforced by the Election Commission.

The Commission recommends that there should be a comprehensive legislation, may be named as the Political Parties (Registration and Regulation) Act, regulating the registration and functioning of political parties or alliances of parties in India. The law should make it compulsory for the parties to maintain accounts of the receipt of funds and expenditure in a systematic and regular way. The form of accounts of receipt and expenditure and declaration about the sources of funds may be prescribed by an independent body of accounts and audit experts, created under the proposed Act. The accounts should also be compulsorily audited by the same independent body, created under the control of the Election Commission, which should also prepare a report on the financial status of the political party

¹ The National Commission to Review the Working of the Constitution was set up vide Government Resolution, dated 22 February, 2000. The terms of reference stated that the Commission shall examine, in the light of the experience of the past 50 years, as to how best the Constitution can respond to the changing needs of efficient, smooth and effective system of governance and socio-economic development of modern India within the framework of Parliamentary democracy, and to recommend changes, if any, that are required in the provisions of the Constitution without interfering with its basic structure or features. The Commission was required to complete its work and make recommendations within one year. The tenure of the Commission was extended from time to time up to 31st March, 2002.

which along with the audited accounts should be open and available to the public for study and inspection.

This is the first step in the process that includes actual measurement and recording of information. Unlike many nations worldwide, no political party in India is required to file audited financial statements. Hence, the political party shall first have to submit a detailed record of its income and expenditure. Political parties handle a massive amount of money; incomes flow in from monthly dues collected from its member, donations from individuals, organizations etc. and there are various counts of expenditure, especially during election campaigns. The political parties in India, as of now, are required to disclose their expenditure during elections to the Election Commission. However, the income flows in and expenditures are made even when there are no elections.

To illustrate., The *Manmohan Singh Committee Report on Party Finances'* reported that the Congress Party requires approximately Rs 7- 8 crore for running the Congress Party organisation in its totality in a non-election year. The party also maintains a Corpus Fund where the objective as per the report is to maintain a minimum of Rs. 50 crores. Hence, the parties as can be seen to handle large sums of money, with the public in general unaware of the accounts of income and expenditure. This creates the need for proper accounting of the incomes received and expenditures incurred, especially since most of the money is obtained and spent in the public domain. Political parties are entities that are in a position of great responsibility and

² <http://www.congress.org.in/documents-detail.php?id=7> <lat visited on 29th July. 2009>

hence, it is very important to ensure transparency and accountability in their functioning, and accounting is the first step in the right direction.

B. Evaluate the Political Party's Social Performance

The second step in the process shall be an effort to evaluate a party's social performance against selected standards and/or expectations. While evaluating performance, the achievements of a party in its tenure can be compared to what it promised in its manifesto during the elections. The political party's policies and agendas can be evaluated as far as their effects on the society are concerned. This will help evaluate the extent to which each political party has had a positive or negative effect on society through the implementation of its schemes and policies. The ideals and beliefs that political parties stand for basically define the direction that society is going to take; hence, it is essential to determine what consequences the policies will have on the society. Further, the activities that parties undertake when they have not been elected to power also say a lot about their way of functioning. Thus, the effects of the activities undertaken then also need to be monitored. For example, MNS (Mahaarashtra Navnirman Sena) started an ambulance service during the Mumbai Terrorist Attack, which was regarded as a socially positive move. When parties undertake a social audit, it is beneficial both for the party itself and the people to evaluate the social consequences of their actions.

C. Social Reporting

The last step in the process is social reporting which mainly involves the disclosure of the report to the public. The authors propose that the audit be

conducted on a yearly basis and that the parties file a social audit report at the end of every financial year, which shall be made available to the public. This step will change the level of accountability for parties in power as the public will be made aware of the work carried out by them on a yearly basis. This will also be an incentive for the parties in opposition to prove the mettle, since any work that they do while not in power will get noticed by the public on a regular basis.

III. Parameters for Evaluation

A. Effectiveness of Publicity and Campaigns

Like any product in the market, even in the case of political parties, advertising and publicity is of prime importance. Like a consumer will or will not buy a product depending on the kind of publicity and market image the company can create for it. Similarly for a politician, it is extremely important to create an image among the masses which suits the needs of the region and appeals to the people of the area. A social audit will evaluate the results of different political campaigns and the effectiveness of different strategies which will help parties give the different people of this diverse country the kind of leaders they want.

B. Individual Member Image/ Action

Every now and then political parties do not realize the kind of impact a single member can make on the results and image of the party at large. At other times, an individual may have a very different image in different

political spheres. For example, Narendra Modi is regarded as a very respectable leader in the State of Gujarat. However, the same ideology and temperament is disapproved of at the national level. Owing to superiority and regional success, parties often do not realize these differences and end up putting forth candidates in the wrong arena. A social audit being conducted by an independent body that is not politically influenced will be in a much better position to show the raw facts without any discrepancies.

C. Overall party policy

The world politics today is often more driven by market forces rather than the traditional concepts of party politics. It matters more these days if a party is liberal or orthodox, leftist or rightist, than if the party favours the majority religion or the minority. These policy decisions have a very widespread lasting affect on the country and therefore, it makes a lot of sense to study and analyze the possible effects of a major action taken by a political party or the effects of any change in their policy. For instance, before a government chooses to walk the path of disinvestment, they should not only study the repercussions of the action on the economy, but also on the mind set of the public since actions like these affect everyone.

D. Ideology

The leadership, members, activities and other things that a party does is of no significance in the face of its ideology. It is like the basic structure of the party, the basis of all actions and policies a party endorses. Social audit helps understand the impact of a political party's ideology off the people of

different social, economic, cultural and religious backgrounds. For the party, utilizing a social audit report can pin-point which areas and what target audiences are best suited for the party's ideology. Therefore, they can focus their efforts on such key areas. On the other hand, for the people a social audit report serves as an eye opener in understanding the co-relation between a political parties' ideology and their actions.

E. Leadership

The head of a political party is almost always the single most important figure of a political party. Therefore, the image and stature the leader holds must be one that is amiable by the masses at large, transcending boundaries of region, religion, economics and sects. Firstly, in order to find a candidate that portrays such qualities is not an easy task which often gets hindered by usual political problems, like seniority and personal victories. Empirical data about the image and impact of a certain political leader will always help a party to choose more wisely. Similarly, the same information in the hands of the voters will showcase the leaders' qualities and the kind of impact he has been able to create, thereby giving the public some way of predicting activities of the future and make a more informed decision.

F. Criminal record of party members

A surprising phenomenon noticed in the recently concluded general elections is the number of members elected to Parliament with a criminal record. This time, the number has sky-rocketed to an unprecedented 153 members, which is a clear indication that either the people of this country

choose to be lead by persons with criminal records or, the voters of this great democracy don't know their leaders well enough. A mandatory social audit report in the public domain will inform the general population about the past of their leaders. (For example, as of now we all know that there are 153 members in parliament with a criminal record, we have no idea as to who these people are and for what crimes have they been charged and at what stage or the criminal justice system are they.)

IV. Benefits of Conducting Social Audit

Social audit benefits the public at large in evaluating the political parties and their actions. Currently, the voters can seek answers from the representatives only once in five years before the elections. With the proposed system, not only will the parties have to provide the people with a report on a yearly basis, the voters will also have more information. Therefore, they will be in a position to make a more informed judgment and that can only ensure better political governance and an improved nation.

Conducting a Social audit is also beneficial to political parties. The most important thing that can make a political party win or lose an election is the mind of the voter. Conducting and evaluating a social audit report can provide a political party with empirical data which can help them understand the public expectations and demands. Also, an audit provides the party with an opportunity for self introspection and a mode for finding out the lacunae in their models and activities.

Social auditing also ensures transparency in the functioning of the parties. The authors have included accounting and auditing of financial statements in the process of social auditing which will ensure that all monies that are received by the political party and all expenditures made by the same are legitimate and accounted for. This will guarantee that political parties will not deal in black money and all expenditure under the garb of political expenditure shall be appropriately taxed.

Compulsory filing of financial statements and a clear-cut analysis of the social consequences of the party's policies makes the party more accountable for its actions. It will make the claims of the political parties more credible and while they make promises for the future where they can back it up with authentic data from the past, the party will be more dependable. The level of confidence the people have in political parties is directly proportional to the amount of work that has been visibly done, and there are few methods better than a social audit to showcase the work done.

Social audit reports will help in increasing awareness amongst the masses. As of today, many voters are disconnected with the political parties and even the elected representative from their respective constituencies. The authors believe that easy access to social audit reports is a right step in the direction to remedy this problem. Social audit reports can help educate the voters as to the activities carried out by the political party in a specific year. On the basis of this information contained in the social audit report, each individual can decide for himself as to which party is best serving his and the country's interest. Disclosure of social audit reports will also create a more aware voter as the people will be aware of the effectiveness of the activities undertaken by

the individuals that represent them. This will help the voters of India make educated choices.

Social audit helps review public perceptions. This will help politicians modify their social schemes accordingly to fulfill all the needs of the people. It also helps verify the outcomes of the social programs or schemes and the same can be reviewed to check if the social scheme is producing the outcome aimed by the policy-makers while framing the scheme. And, because the social audit is conducted on a yearly basis, one can evaluate the areas in which the program or scheme is lacking and prioritize accordingly. It also helps raise awareness among the people of their rights, entitlements and obligations under a scheme. Lack of awareness regarding their rights has always been a major problem for the people of India. Spreading awareness about the schemes being implemented through easily accessible social audit reports will educate the people as to what the government has been doing for them and also inform them what they are entitled to as citizens of the country

V. Limitations

The first and foremost hurdle in implementing the proposal we have suggested in this paper is the lack of political will. Some of the measures we have suggested here have already been put forth by the members of the National Committee to review the working of the Constitution as early as 2002. However, as can be clearly seen, no steps have been taken towards initiating the implementation of the recommendations made by the Committee. Further, it is highly doubted that the measures suggested by the authors will find favour with the political parties or the Members of

schemes for the better of the people, the purpose of the exercise will be defeated.

The success of the social audit depends on the usage to which it is put. And the nature of accessibility of the social audit report defines how the populace of the country uses it. If it is very difficult to access the report, the people will not be concerned enough to exert more to obtain the report. And thus, it will seriously hinder the success of the report. However, in a country as vast as India, it is difficult to successfully disseminate the audit report throughout the nation.