

# Rural Development and Growing Dynamic Role of CAs

## Rural Development and Reconstruction

A society is a platform where all the social constituents act, play, organise as well as interact in a meaningful and judicious manner to utilise, use and exploit the valuable social resources and the social infrastructure for individual as well as collective development as a whole. Most of the world economies, including India, possess a substantial rural sector having a large popu-

the poor become poorer.

However, things are in for a change now. The proactive democratic and social awakening and activism over the last decade or so has led to the emergence of a broad-based concept of social renaissance which is alleviating all forms of social discrimination, slowly but surely. The changing scenario has changed the way of 'social treatment' and 'social value considerations' too. It has ushered a new paradigm of social development

tation of poor in the society has contributed to an emerging concept of the 'social audit' to be conducted by public accountants (Chartered Accountants) in relation to public expenditure management processes to better serve the society.

## The Status of Chartered Accountants

The Chartered Accountants occupy a dominant social status not only because of their educational-cum-



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The world economy is primarily a rural economy since the majority of the world populations taken together live in the rural areas. As such, whatever might be the status of an economy, the real development of a country depends on the development of its rural sector and the life pattern of its rural people. The governments of various countries, including India, consider it reasonable and justified to look for the social-well-being of the common men for whom a substantial part of the public money is spent, specifically in projects earmarked for the socio-economic upliftment of the poor and destitute in rural areas. However, the ground reality is that only a meagre part of the funds so spent reach the originally intended beneficiaries. In this backdrop, the Chartered Accountant can act as a key ombudsman and protect the interests of the rural people, while simply performing their audit work for the greater interest of the society at large. They can ensure judicious disbursement and utilisation of public money in various projects and programmes for the ultimate upliftment of Rural India.

lation base living below the poverty line. These rural people live in abject poverty and struggle hard to even manage their square meals and remain aloof to all the praxes of the modern strategies of human development. The cold reality remains that the mightiest get the lion's share of the social cake to the abject dispossession of the poor. The rich continue to become richer as

and reconstruction meant for all whereby everyone in the society has to look for and contribute to social upliftment while striving for his own development. Practically, there should be a social goal congruency such that while attaining individual goals, the social goals are automatically attained. The ever-increasing activism against social discrimination and exploi-

professional qualification but also their professional analytical skills and their link with one of the premier institutes of the country -the ICAI as its members. The whole matter of financial authentication today depends on their expertise, skill and dexterity. The CAs are the financial rollers of the society. Therefore, the role of CAs in the society is of great significance so far as

their professional work power and excellence is concerned in accrediting or dismantling financial activities. A huge chunk of public funds is regularly invested in several social projects having solemn objectives to develop the society so that the poor and the destitute get the necessary livelihood and vitality to sustain life at par with others in the society. The CAs can effectively and judiciously take account of all that. The Chartered Accountants, in every sphere of their activities, should think of implementing the concept of social authentication. A social authentication of financial transactions is the authentication of financial transactions and financial aspects through the lens of social view-points. Therefore, while performing their activities they should be self-regulated and self-controlled and should not be tempted to work perfunctorily just for professional earning alone since it is a parochial view to look for professional excellence showing a jaundiced eye to the social responsibility performance. CAs should always be working towards their common role model image of being perseverant, professional experts and diligent.

### Role of Chartered Accountants

The Chartered Accountants have been playing an important role in the financial management of our country for over six decades. The Hon'ble President of India Dr. APJ Abdul Kalam, while addressing a recent international conference organised by ICAI, had made some valuable suggestions recently in this regard. In his valuable speech, he categorically

mentioned that the members of the ICAI i.e. the CAs, could play an important role in the management and successful implementation of the 'Bharat Nirman' scheme recently passed by the Parliament under the Integrated Rural Development Programme to incorporate Rोजगार Gaurantee Bill. He also suggested training of auditing and accounting to be imparted to the local people at Gram Sabha and Panchayat level. His broad suggestions emphasised the introduction of a new information system in the accounting sector and its proper implementation in rural areas, after further simplifications to match the diversified needs of the rural economy. He stressed on not allowing any sort of degradation of moral values in managing finance by the members of the noble profession. The Hon'ble President with all his enlightened and elegant approach also did not fail to mention the noble role likely to be played by the CAs to do good to the common public by way of providing excellent service while performing their professional duties. He has given a call to the members of the ICAI to take a pledge of commitment to their profession keeping in view the sweeping needs of rural India to develop and upsurge so as to alleviate poverty and inequality, to prevent all forms of social discrimination and exploitations, to reduce the regional backwardness of the people of rural India and its hinterlands and also to arrest the concentration of economic powers in a few hands which is in the disinterest of the common people.

As such, the Chartered Accountants will have a more

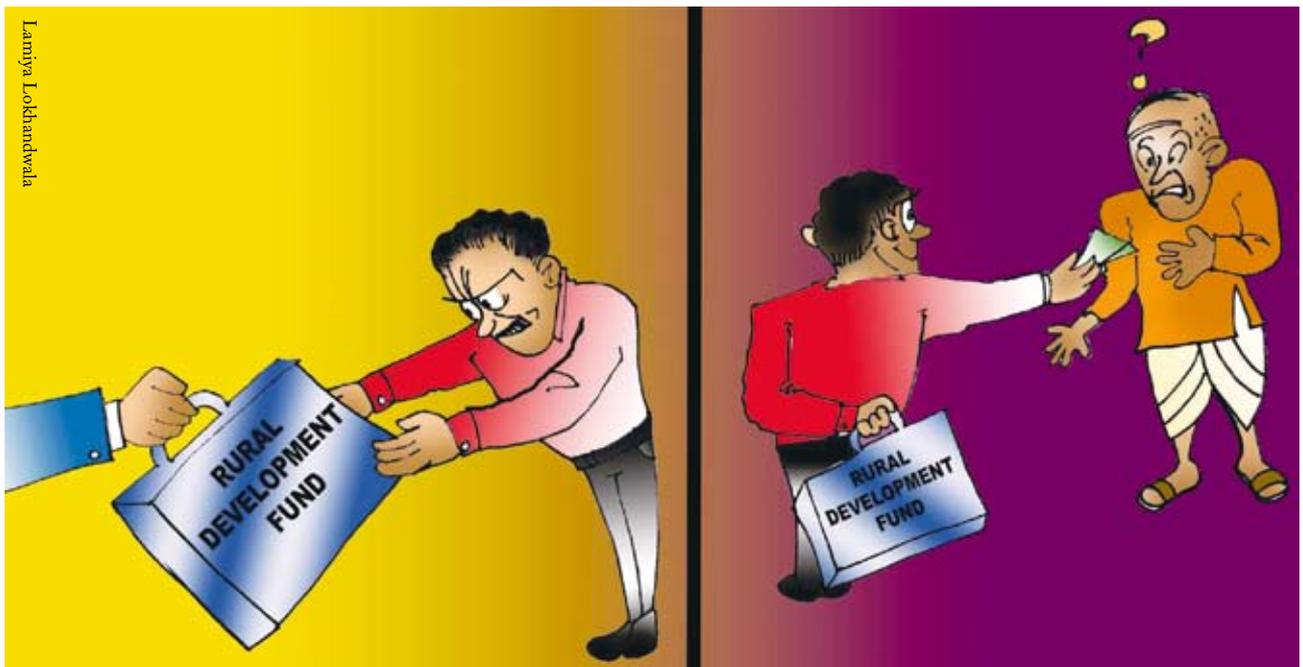
crucial role to play in taking care of public money and ensuring its optimum utilisation through value based audit techniques. They can ensure judicious and planned deployment of funds meant for rural reconstruction as the quintessential target to be achieved to do good to the rural public as well as to upgrade their standards of living.

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### Public Spending vis-à-vis Rural Development

The Indian economy has been a predominantly rural economy. It is needless to mention that the all round and effective development of our economy highly depends on the development of the vast rural areas of India. Despite all our efforts under the different five-year plan periods, it has not yet been made possible to provide the bare necessities of life to crores of people living in the rural areas and the hinterlands of India. It is indeed a matter of grave concern for which we cannot blame others but ourselves. However, now the praxes of social outlook is changing. In tune with globalisation and liberalisation, there has been a global rise in the tendency to spend more of the public money in rural development programmes with the noble objectives to alleviate poverty and to lessen the degree of inequalities of income distribution.

Keeping in view the importance of rural development for the overall development of the country, an all-round socio-economic transformation of rural India is a must. Accordingly, the present Government at the Centre has accorded top priority to 'Rural Development', next only to 'Defence'. The Government is



in the process of implementing a large number of programmes aimed at sustainable rural development. As per recommendations of various Standing Committees of the Parliament, NGOs and eminent social workers, the Government has taken recourse to provide more public funding in public projects to zoom up the pace of rural development. In the last Union Budget 2005-06, the Government had announced various rural development programmes, which include:

- (a) 'National Food for Work Programme' with a focussed attention on the commitment of employment guarantee programme and works relating to water conservation, drought proofing, land development, flood control/protection and rural connectivity in terms of all-weather roads. Rs. 5,400 crore were sanctioned for it.
- (b) 'Sampoorna Gramin Rojgar Yojana' with an aim to provide additional

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wage employment in rural areas as also food security for which a sum of Rs. 3,600 crore was sanctioned.

- (c) 'Pradhan Mantri Gram Sadak Yojana' with the objective of providing wide connectivity to unconnected rural habitations through good all-weather roads. Rs. 3,810 crore were sanctioned for it.
- (d) 'Swaranjayanti Gram Swarajgar Yojana' with a holistic approach of self-employment programme through establishing a large number of micro-enterprises in rural areas. Rs. 862 crore were sanctioned for it.
- (e) 'Rural Housing' with a noble ambition to provide shelter to all rural people. Rs. 2,497.60 crore were sanctioned for it.

However, it has been generally seen that most of the funds sanctioned for social schemes don't reach the intended masses. A common saying is that out of one rupee

of the government spending for public well-being, only 10 to 15 paise reach the intended beneficiary. A large number of intermediaries get away with the lion's share of such funds. This grim scenario, which has more or less remained unchanged over decades, re-emphasises the importance of public accountants (Chartered Accountants) in the society. Their value-based service is quite inevitable to prevent the malpractices plaguing the process of the disburse of the public funds. The professionals with their professional expertise and a unique investigating power can substantially reduce the scope of misappropriation of public funds. It is imperative and advisable to introduce a modified form of social audit through Chartered Accountants in the larger interest of socially marginalised people of rural India.

### Social Audit

Social audit assumes greater significance in the context of democratic decentralisa-

tion since 1992-93 to ensure social justice and equity for all. Structures for social accountability are the weakest in forms in Panchayats and Municipal/Local Bodies that undertake anti-poverty drives and provide basic social services out of public funds. The laxity in government regulations and half-hearted devolution of powers by most state governments continues to mar their effectiveness. Planning by district planning committees as envisaged in the constitutional amendments has hardly been put into practice. At the sub-district level of Gram Panchayats, Gram Sabhas, etc. poor book-keeping coupled with inadequate audit certification leads to colossal wastage of public money, which is by and large no more than an exercise in mere stamping and signing of accounts.

The Chartered Accountants with their sound professional ethics, expert knowledge base and a whole-hearted devotion to conform to social responsibility performance can have the opportunity to implement a broad-based social audit programme to ensure and evince effective utilisation of public funds for the welfare of the rural people and the rural economy as a whole.

### Social Audit Process

To change the ground reality of most of the public funds not reaching the intended beneficiary, the Chartered Accountants doing a social audit should conform to the following procedures and practices:

- (a) All budget allocations, list of beneficiaries, muster rolls, bills, vouchers,

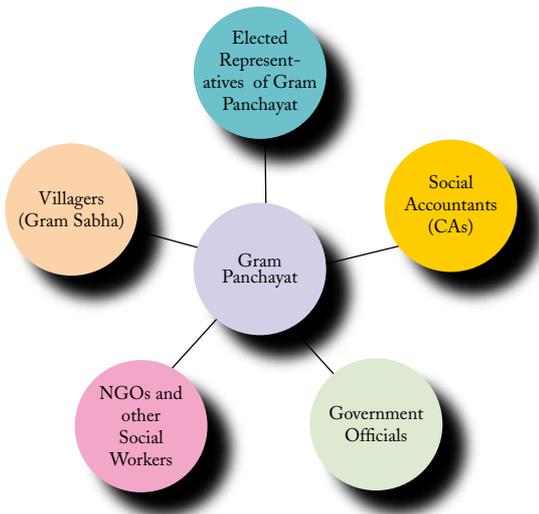
accounts, etc. must be properly checked and vouched

- (b) Receipt and Payment Accounts, Income and Expenditure Account and Balance Sheet of each individual project allotment must be examined properly as per latest audit practice
- (c) A Statement showing the schedule of Fixed Assets indicating separately the opening balances, additions during the year, depreciation charged and closing balances etc. in respect of each development programme should be thoroughly examined
- (d) Any transfer of asset, repayment of liability, classification of loans and

advances etc. should be strictly verified with proper authorisation by the appropriate authority and fortified with the necessary documentation thereof

- (e) Budget allocations should be tallied with the departmental budget allocation made by the Ministry of Rural Development/ Department of Rural Development, Government of India and to enquire whether there was proper permission from the respective Ministry/Government Department for any diversification of fund;
- (f) A certificate is to be taken from the respective Pradhan of the Gram Pan-





### Gram Panchayat stakeholders

chayat or Gram Sabha or Local Authority on the amount spent out of budget allocation received;

- (g) The detailed plans and budget estimates of various projects under public funding should be carefully checked.

So far as the social value creation is concerned, the Chartered Accountants can provide necessary value services to the nation to impart technical knowledge among others to the Gram Panchayat Stakeholders to maintain proper records and accounting of Gram Sabha and Gram Panchayat for the effective and judicious and originally-intended utilisation of public funds.

In the present Panchayati Raj regime, the most appropriate institutional level for social audit is the Gram Sabha, which has been given 'watchdog' powers and responsibilities by the Panchayati Raj Acts in most States to supervise and monitor the functioning of the panchayat's elected representatives and government functionaries, to deal with the public expenditure manage-

ment and examine the annual statement of accounts and audit reports. These are implied powers indirectly empowering Gram Sabhas to carry out social audits in addition to other functions. Members of the Gram Sabha and the village panchayat, intermediate panchayat and district panchayat through their representatives, can raise issues of social concern and public interest for the socio-economic betterment of rural people with the concerted and collaborative efforts of Chartered Accountants on one hand and the government officials on the other.

### Conclusion

The development strategy of most of the world economies presently concentrates

on the rural sector because of the predominance of a majority of world population living in the diverse rural sectors. To a country like India, which has the potential to become a global economic power, the need for rural development is of paramount importance. As such, the Governments over the years have been regularly disbursing funds for rural upliftment but with marginal results. This has been mainly because of the irregularities in the disbursement and usage of the funds in the process. The Chartered Accountants, the social accountants, can be highly useful in ensuring correct utilisation of public funds and can thereby play a pivotal role in the actual upliftment of the Indian rural sector. □

