

# Brazil's 'Fome Zero' Strategy: Can India Implement Cash Transfers?

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Brazil has the largest cash transfer scheme in the world and it has had a measure of success in fighting poverty. Its experience shows that cash transfers, when implemented properly, are at best a necessary condition for poverty alleviation. Supply side constraints have to be removed if the increased purchasing power is not to lead to unbridled inflation that will hurt the poor badly. While a case can be made for a cash transfer system in India, in the existing situation of an incomplete transition to a multi-level structure of government, with insufficient clarity on intergovernmental relations, and an overarching set of civil services fighting for turf at the union and state levels, it will be difficult for India to design suitable programmes.

In the last two decades, many Latin American countries have used cash transfers as a major element of poverty reduction strategies.<sup>1</sup> Of these, Brazil has the largest cash transfer programme to the poor in the world and this has now grown into a broader strategy for poverty and inequality reduction. The Brazilian experience is generally considered to be successful. See ILO (February 2009, March 2009) and Fiszbein et al (2009).

The cash transfers began in the mid-1980s in Campinas in Sao Paulo, and in the federal district of Brasilia. Cristovão Buarque, the former governor of Distrito Federal (Brasilia), is considered the father of the programme. These are big and powerful municipalities and the example caught on, spreading to around 70 municipalities in the next few years. They were expanded greatly in scope and scale in the last decade to provide a measure of social security for the poor in a highly unequal society. Both poverty and inequality have been reduced in Brazil. What can India learn from this experience? This article hopes to begin a debate on this subject

This article is organised as follows. Section 1 describes the cash transfer programmes that Brazil has implemented. Section 2 explores some of the immediate and long-term impacts of these programmes. Section 3 looks at lessons for India.

## 1 What Are Cash Transfers?

Since poverty is lack of income, the federal government of Brazil transfers cash to families in poverty to help them meet basic needs, if the family agrees to send children to school and to get them vaccinated. The amount transferred depends on the family income and the number of members in the household. For women and children, there are conditional cash transfers for specific

actions. If the child is taken to a health centre for regular checkups and inoculations, a certain amount is transferred. If a woman goes to an institution for delivery, there is another such transfer. These are monitored by the Social Assistance Reference Centre that has been set up in municipalities of high risk areas.<sup>2</sup>

One part of the Fome Zero strategy, or "zero hunger" as the Brazilian strategy is termed, is the *bolsa familia* – a family grant which is a direct income transfer to benefit families earning a monthly income of not more than Brazilian Real (R\$) 120 per member per month in any municipality in Brazil. The objective is to enable the poorest families to buy food and essentials and at the same time encourage these families to access health, education, and social welfare public services.<sup>3</sup> The income enables the mother to buy food of her choice; the pressure to work is taken away from children, who can then go to school, where more food is provided.

Families that participate in the programme are screened on the basis of the federal government's Unified Social Services Register – the *cadastro unico* – and receive a monthly benefit ranging from R\$ 20 to R\$ 182, depending upon the family's per capita income and on the number of children and adolescents in the family. It is paid out through a magnetic smart card, issued in the name of the woman in the family (97% of the cases). This is a preloaded debit card. Brazil has made excellent use of information technology for delivery of such services.

## Poverty Criterion

The Instituto de Pesquisa Econômica Aplicada (IPEA) has established an "extreme poverty"<sup>4</sup> line at R\$ 62; this is one-fourth of the minimum wage. This gave a figure of 14.6% of the population in extreme poverty. It calculates "full poverty" at twice the extreme poverty line, or R\$124, and this gives a figure of 33.6%. The details are available in the *cadastro unico*.

## How Are the Poor Identified?

The federal government maintains the *cadastro unico* from which the poor are identified. Over the years the government

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has worked on improving the cadastro, checking facts on the ground and using modern electronic technology effectively. It now has an accurate record of all the families that participate in the fome zero strategy. To help municipalities, and incentivise them to work with the federal government's cadastro, the Ministry of Social Development and Fight against Hunger (MDS) has designed a Decentralised Management Index (IGD) to measure the quality of implementation and to ensure regular and automatic transfer of funds. Municipalities use this database for monitoring the families and for planning social services. This cadastro unico is at the heart of the implementation of fome zero.

The handling of funds from the federal government (MDS) is the responsibility of the state savings bank, the Caixa Economica Federal.<sup>5</sup> The Caixa also issues the smart card for the recipient which bears a unique social identification number (NIS).

### Why Cash Transfers?

Brazil is one of the most unequal countries in the world, with a large number of people living in extreme poverty. Governments elected after 1988 have been concerned with this issue. During the presidency of Fernando Henrique Cardoso, when nationwide cash transfers were introduced, his wife, Ruth Cardoso, a well-known anthropologist, played an important role in ensuring that federal funds were transferred directly to municipalities, rather than be routed through provinces, as had been the practice earlier. This reduced complications and delays in the receipt of funds by municipalities.<sup>6</sup> She was also successful in persuading legislators that the transfers should go to the woman in the family who makes decisions on food and nutrition.

Towards the late 1990s and in the early 2000, the Workers' Party (PT), whose candidate Luiz Lula da Silva, popularly known as Lula, was making his fourth bid for the presidency, set up several groups of independent scholars to design a feasible programme of poverty reduction that the party would implement if elected. The results of these efforts, which built on the lessons learned from earlier experience, came to be known as the Fome Zero strategy (Belik and Grossi 2003). It is composed of four coordinating axes: access to

food (the cash transfer part), the strengthening of family agriculture, income generation and social organisation, mobilisation and control.

The Lula government which took office in 2003 has intensified this programme of cash transfers by expanding them and implementing the Fome Zero strategy. Several ministries, with the MDS as the fulcrum, coordinate more than 30 actions at all levels of government. The ministry's budget in 2010 is US\$ 13.7 billion – an increase of over 300% from 2003. Increasing the minimum wage has been an important component of this strategy for reducing poverty. Since 2004, this minimum wage has increased in real terms by more than 200%.<sup>7</sup>

### Background

When the end of the military dictatorship was negotiated in the early 1980s and work on a new constitution began, the experience under the dictatorship played an important part in the design of a welfare state. The 1988 constitution is federal, and guarantees citizens certain basic rights. Municipalities historically have been important in Brazil, with elections being held even when the country was under military rule. The Federative Republic of Brazil, formed by the indissoluble union of the states and municipalities and of the federal district, is a legal democratic state<sup>8</sup> where the state has clear welfare obligations.

After 1988, the Unified Health System (SUS) was put in place. The union, states and municipalities have developed a sophisticated system of money transfers. In the case of social security, Brazil has a SUAS. For education Brazil has the National Fund for Development of Education (FNDE). The system that transfers funds to municipalities was not an invention of any specific government but something that was required by the new constitution. Poverty is not an acceptable reason for people not accessing these services provided by the state. Cash transfers are meant to provide the minimum income needed to help them do so.

### Legal Basis

An aspect of policy from 2003 has been that these programmes have now been enshrined in law. A series of laws have been passed to provide a framework for social protection policies. The law establishing

bolsa familia provides for "complementary actions". These include improving schooling of children, vocational training, and support for job and income generation. This support is provided by municipalities. There is also an inter-ministerial committee that includes education and health to ensure efficient management at all levels. In an essential sense, these laws have made these cash transfers more or less permanent, not subject to change with changes of government.

### Immediate Relief

In 2003, four different schemes were integrated into one major one for more effective administration as all catered to the same social group. This would also leverage synergies from jointly promoting education, health and nutrition. To date, over 12.4 million families (or about 49.5 million people or 26% of the population) across the country have participated in this programme. The total amount spent is about 0.5% of GDP. It has been estimated that there are about 15 million families that are poor in the country.<sup>9</sup> By extending this to about 3 million more people, the entire eligible population would be covered.

### The Longer View

There are a series of complementary schemes. These are part of the Social Assistance Organic Law (LOAS). The objectives of the Food Acquisition Programme (PAA) are to promote family agriculture throughout the country, and to form basic stocks. The programme operates through the purchase of food and livestock products produced by rural family farmers registered with the National Programme for Strengthening Family Farming (Pronaf). This may go up to R\$2,500 per farmer per year. This limit is raised yearly and currently stands at R\$3,500. No tendering is needed if the prices are not higher than those in the regional markets. Some varieties of this programme are:

- (i) Direct purchase from family agriculture (CDAF). Food from family farms is purchased by the National Company for Food Supply (Conab), without a tender process and this is donated to the social assistance programme in the area.
- (ii) Special Anticipated Purchases from Family Agriculture (CAEAF). This is a

guaranteed prior purchase from farmer families registered with Pronaf.

(iii) Local Direct Purchases from Family Agriculture (CDLAF). This is aimed at improving family agriculture and how and where it is sold. It is meant to promote the local economy by directly meeting the supplementary feeding demands of the regions' social programmes. This is done through direct agreements between MDS and states and municipalities.

There are other complementary programmes. For example: (1) Continuous Cash Benefit (BPC): payment of one minimum wage to people 65 years and older and to the handicapped who cannot work, and whose family income does not exceed one-fourth the minimum salary, (2) Child Labour Eradication Programme (PETI): This is meant to take children and adolescents out of forced labour by (a) direct income transfer by MDS by smart card, to families with children involved in such labour, (b) provision of socio-educational activities with MDS cofinancing, organised by the municipality, and (c) family social follow-up. (3) Food Banks Programme: These are set up in municipalities with a population of 1,00,000 or more. They accept food donations and, combat food waste in urban agro-systems and distribute the food to the locally food insecure. (4) Popular Restaurants: These are set up in municipalities of over 10,000 people as collaboration between MDS and local governments. They have a capacity of serving at least 1,000 healthy meals per day at R\$ 1 per meal for those who must eat away from home because of work. Some also provide breakfast and other healthy foods at half a real. (5) Cisterns Programme: This is a simple technology for storing rain water and mitigating water shortage in the semi-arid regions of the country. This and other local development programmes have been evolving over time, the basic objective being support to the local economy by supporting local production and consumption.

In sum, the Fome Zero is an umbrella strategy under which a large number of complementary actions can be implemented by putting cash in the hands of a poor family and encouraging them to not only buy food but also access and use available public services.

The specific complementary activities undertaken are based upon a region's need. They range from local purchases for local needs to running popular restaurants to encouraging water harvesting. The cadastro, which has been improved and now contains useful information, is the starting point for local planning by municipalities. The legal structures of social protection at the municipal level design programmes on the basis of needs locally assessed. These are then brought under the Fome Zero umbrella strategy, and various options of funding are available, from grants by MDS to co-financing arrangements. Various government agencies work together to implement these actions with horizontal integration in the municipality. The integrated approach looks at all dimensions of the issue of poverty and hunger and aims to alleviate immediate hunger and provide the base for a productive life later.

## 2 Impact of Programmes

Not one of the many people I met, and they were of various persuasions, felt there was corruption in the implementation of bolsa familia. There could be some irregularities here and there, but these were reported to be negligible.

Electronic transfers are simple. Officials at the MDS spoke of attempts to submit duplicate accounts, which were identified on the basis of data in the cadastro unico and rectified. Audits are regular. The money reaches those it is meant for, in time. They spend it on essentials. Those who receive the transfer are indeed the poor. It is possible that some who were poor did not receive the money as they were not registered in the cadastro. This has to be improved upon.

The cash transfers have not only served to reduce poverty, they have also contributed to a reduction in inequality.<sup>10</sup> Between 2001 and 2007, the gini coefficient, derived from the National Household Survey, declined from 0.593 to 0.552; the first ever decline in Brazil. The population below the poverty line decreased from 28.17% in 2003 to 19.31% in 2006; 14 million came out of the poverty situation; a reduction of 31.4%. Between 2001 and 2008, the income of the poorest 10% grew six times faster than the income of the richest

10% of the population. From 2003 to 2008, child malnutrition fell by 73% and child mortality decreased by 15.3%. Regional inequalities have decreased. The north-east, the poorest region of Brazil, where half the country's poor live, has benefited from this programme. Scholars are now examining the differential impact by gender and region, to suggest improvements where needed (Teixeira 2010). This is work in process.

There is little doubt among scholars that the bolsa familia has succeeded in meeting its goals of reducing poverty. The longer-term impact in terms of improved schooling and health is not clear yet.

Brazil currently spends 4.2% of its GDP on education. This is 10.8% of total government expenditure. A large part goes to higher education.<sup>11</sup> There are huge regional disparities. Private schools are considered better, and people would like to send their children to them. Scholars feel this is the crux of the Brazilian dilemma. The bolsa familia is taking children to school, but here they run into a *supply constraint*. School quality is poor and consequently the quality of education is poor. There is also a problem of violence in some of these schools.

The bolsa familia has succeeded in getting both boys and girls to school. It has had some impact on reducing child labour. Girls have come into the market, from just working at home. Boys continue to work, but with schools open for four hours a day, they also go to school. But unless the supply constraints are eased, further progress is unlikely. The problems go beyond financing. There is a shortage of trained and competent teachers who will need to be paid fairly. The social status of teachers is today low. If the pent-up demand released by the Fome Zero strategy is to yield results, this is a constraint to be immediately tackled.

Access to school is a *necessary* condition for education, but it is *not a sufficient* one. The quality of schools remains a challenge. Scholars I met feel that this has been the big failure of Brazil.

The universal healthcare system set up in 1988, based on the rights defined in the new constitution has two components: one public and one private. Government-funded services are provided through the decentralised Sistema Único de Saúde

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The workshop is being conducted as part of a project funded by the University Grants Commission and executed by the Tata Institute of Social Sciences, Mumbai and the *Economic and Political Weekly*.

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Please submit a demand draft of Rs 500 in favour of "The Registrar, UGC-Academic Staff College, Jamia Millia Islamia", payable at New Delhi, along with the application form.

#### Important Dates:

Last date for Receipt of Applications: July 16, 2010

Date for informing applicants of selection: July 23, 2010

Last date for the selected candidates to send in draft research papers: August 6, 2010

**(Draft papers must be sent only after candidates are informed about selection)**

#### Address for Correspondence:

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(Unified Health System, *sus*), which relies on financing and management from federal, state, and municipal governments. *sus* funds everything from annual check-ups to complex surgeries and health prevention education. (But I understand there are long and frustrating waits for treatment, and concerns about quality.) In addition, businesses and individuals can purchase healthcare (which is expensive) through private insurers, regulated by the Agência Nacional de Saúde Suplementar (the National Supplementary Health Agency). Those who opt for such a system receive a tax rebate for these expenses.

Financing for the public healthcare plan is a concern. Brazil's federal, state, and local governments all raise revenue to help pay for healthcare. Taxes on individual income, property, goods and services, and social security (at the federal level) are used to fund health. Yet even as Brazil has secured multiple sources of funding, the cost of universal healthcare is quickly outpacing the revenue needed to sustain it. The World Health Organisation estimates that health expenditures in Brazil have risen from 6.7% of GDP in 1995 to 7.5% in 2006. The government may face a problem in increasing the *sus* budget because this could affect other anti-poverty programmes. As a core aspect of the 1988 democratic constitution, the *sus* cannot be shut down.<sup>12</sup> With social protection enshrined in law, there is little flexibility in a situation of fiscal strain.

For a long-term impact, there must be no supply constraints. This is an issue in education. In health this *may* have been tackled. Expensive treatments – catastrophic expenses like dialysis – are provided by the *sus* to everyone. There may be long waiting times for treatment, but not having access at all to treatment is far worse.

### Concerns

Some concerns have been expressed about the long-term implications. One is with the approach of the Fome Zero strategy. Will this commitment to transfer cash foster a culture of dependence on government?

Evidence has been produced by the MDS to show that the *bolsa familia* programme has not taken people out of the job market,

or made them work less. What happens when the minimum wage increases? Given the supply constraints and current legal obligations, Brazilian scholars are concerned that the programme will run forever, that it will become a dole the population is dependent upon. When will such charity end? Under what conditions should it end? Should not the country be thinking about this now?

Second is the picture of poverty projected by the government. The poor are shown as noble and strong, who live in a society that is supportive. It is made to appear that poverty is a desirable situation. No one is poor *by choice*. Their behaviour is that of individuals who must survive in a hostile and difficult environment. While it is essential to help the poor out of that situation, it is wrong to project poverty as noble and dignified.

Third, the fact that all this has been enshrined in a set of laws will make things difficult at a time when the macroeconomics of the country turn weak. Brazil did not suffer much in the recent recession, but it did feel the impact. At that time the Fome Zero served to sustain consumption of the poor and was useful. But financing such programmes remains a concern in the long term for fiscal economists.

Brazil experimented with a tax on bank transactions to part finance the Fome Zero – a Tobin type tax, but this has been rejected by Congress, and the burden has shifted to the general revenues.

Can Brazil continue to sustain and expand Fome Zero? Given that the *bolsa familia* part – the cash transfers – now costs only 0.5% of the GDP, which is growing at around 5% per year (and the expansion is to cover at most three million more households) this may not be a financial problem. But education, most people are agreed, needs more resources, financial and other. Health will also need more resources, to improve the quality of the services available. These two already account for around 12% of GDP. Brazil has to find resources here if the long-term objectives of Fome Zero are to be met.

In Brazil, the tax to GDP ratio is 38%. The total expenditure is 40% of GDP. This implies a fiscal deficit of 2% which economists fear will go up, given the automatic increases in wages the law mandates

and the growing pension requirements. These are committed expenditures. Some argue that the growing middle class should lead to some growth in direct tax revenues. In a few years, Brazil should be exporting oil and that should bring in extra revenue. But this is at the moment a matter of hope. Clearly, there is some fiscal pressure that will build in the coming years. Expansion of Fome Zero, and the easing of supply constraints may have to be at the cost of some other sector. Political choices have to be made. The new president who will succeed Lula will have to take a call on this next year.

### 3 Lessons for India

Some have recommended that India introduce cash transfers.<sup>13</sup> While there is a case for such a policy, it is also important to note that Brazil started on a clean slate. It did not have in place a number of “traditional programmes” that had to be wound down, either because of differences in underlying philosophy, or for fiscal reasons. Thus an expansion of Fome Zero in the last 10 years did not mean other programmes had to be closed.

India has a number of these “traditional programmes”, like the entire Public Distribution System (PDS) from support prices, to fair price shops, to the Food Corporation of India, with state level entities – that was set up because *India felt the market would not deliver the goods to the poor and an institutional alternative was essential*. So an attempt was made to create institutions that would work as a market substitute and deliver goods and services to the poor. Other examples are the various interventions in agriculture – water rates, free electricity for farmers and so on. Brazil, on the other hand, has not intervened in the market in this way. By putting cash in the hands of the poor, it has tried to create purchasing power that will enable the poor to buy in the market. Brazil *has worked with the market*. If India is to consider cash transfers of the *bolsa familia* type, then it will be necessary to do away with these traditional programmes – and that would be quite something.

While both Brazil and India are welfare states, there are also major differences, starting from the constitution of each

country.<sup>14</sup> There are institutional differences that must be addressed *before* India thinks of such strategies. Some of these are:

**3.1 Inter-governmental Relations:** This is an area where India has a lot to learn from Brazil. In the 2009 elections to Parliament in India, many of the candidates seeking election to the Lok Sabha, fought on issues of garbage clearance, water supply and the like. These are municipal issues. The job of MPs is to legislate; this was one thing they were silent about. Members of the state assemblies also talk of transfers and local matters, when their job is to make policies for the state. Thus local representatives are denied their space; local government in India is a sham. And unless local government – which we denigrate by calling self-government<sup>15</sup> – works, such policies which require higher level guidance and local integration cannot work. Many studies have shown that integration of programmes at the local level is the missing link in India's development policy. Each level of government has its role and we must let it play that role. In this we need to find our way back to normalcy from where we are today.

**3.2 Vertical Planning and Horizontal Integration:** This is an extension of the point above. We cannot do away with the large vision, with the mobilisation of resources and technology at the national and state levels. This does not mean an automatic top-down vertical implementation by ministries, as is the case in India. We must let local governments free to plan their work rationally at their level. Freedom to reallocate budgets, freedom to choose what schemes to implement and what to postpone or reject, must be given to local governments. Even in the implementation of the National Rural Employment Guarantee Act, evaluations have shown how “guidelines” become rigid law.

**3.3 Supporting Local Economies:** The Brazilian programme to guarantee local agricultural purchase for the use of local institutions like school meals, is one we can learn from. Why cannot gram panchayats or municipalities do this in their jurisdiction? It would mean, for example, that subsidy would not be restricted, as now, to

rice, wheat and sugar, but would include cereals like ragi, jowar and bajra, and pulses grown across the country. This would have ecological and other positive consequences.<sup>16</sup> It is a far cry from a Food Corporation of India that buys food in one corner of the country to send to another, and in the meantime deals with storage, transport and related problems. It is a far cry from the PDS that all agree has not worked. Here it is local purchase of local produce, consumed locally. A rational approach we must learn from. My guess is that the administration here will find this hard to believe. It is the mindset issue.

**3.4 Use of Information Technology:** India has a reputation as the back office of the world. Yet, our use of information technology in governance is poor. We could say this is because a core requisite of e-governance is governance, and it is missing! But the way in which the cadastral is maintained and used, the way in which electronic transfer of funds takes place in Brazil, shows the scope for the use of technology in human development projects. The side effect of such use is to curb corruption in the flow of funds. We have only now set up the Adhaar project to give each of us unique number; Brazil has achieved this many years ago, and it uses it to good effect. The health system has a solid IT backbone.<sup>17</sup> Taxes can be paid online. Brazil provides us with an example of what we could do very quickly if we so choose, not by imitation, but by careful innovation.

**3.5 Transparency and Civil Society:** In India, the government, perhaps as a result of our colonial heritage, works in secret. Our ministers take an “Oath of Secrecy”. The newly enacted Right to Information Act has begun to dent this system of secrecy, but it is a long battle that citizens and civil society face. In some cases, like the MREG Act, social audits have been included in the law. This is a right we have to fight for each time. Such openness of information will be an essential prerequisite for any kind of success of an Indian Fome Zero. Civil society, in addition to formal audits, must act as a watch dog in such a strategy. Brazil can show us the way forward in this.

## 4 By Way of Conclusion

While a broad case can be made for a cash transfer system in India, in the existing situation of an incomplete transition to a multi-level structure of government, with insufficient clarity on inter-governmental relations, especially among the elected representatives, and an overarching set of civil services fighting for turf at union and state levels, it will be difficult for India to design suitable cash transfer and related programmes. Brazil's experience shows that cash transfers, when implemented properly are at best a necessary condition for poverty alleviation. Supply-side constraints have to be removed if the increased purchasing power is not to lead to unbridled inflation that will hurt the poor badly. India's investment in health, for example, is so low that it cannot handle more demands being made on the system. Creating such demand without measures to meet it would be irresponsible indeed.

India also must wait for the unique identity and database – which will still be far from the kind of cadastro Brazil has – before thinking of such strategies. India has a long way to go in using information technology and electronic transfers.

### NOTES

[This article is based on research conducted during a visit to Brazil in April 2010. Apart from meetings with officials in the Brazilian Ministry of Social Development and Fight Against Hunger (MDS), which is responsible for the zero hunger programme, I had many conversations with academics, and also visited Belo Horizonte, Recife and Sao Paulo during my stay in Brazil.

Brazilians are a wonderfully hospitable people. My old friend Helio Mattar helped me in many ways, including setting up meetings with experts. Paulo Cetlin of the Federal University of Minas Gerais in Belo Horizonte was gracious as ever. I am indebted to: Mauricio Andres Rebeiro, Apericida Andres, and officials in the Brazilian government, especially Adriana Veiga Aranha, Bianca Lazarini and Diogo Henrique Franklin de Carvalho from the MDS in Brasilia; Evelyn Levy of the World Bank, Rathin Roy and Darana Souza in the International Policy Centre for Inclusive Growth, Brasilia, Emanuel Querette of Portobrasil, and Marcus Melo and Raul de Mota Silveira Neto in the Federal University of Pernambuco, in Recife; Andre Portela in the Fundacao Getulio Vargas in Sao Paulo; Mariana Alves, and Walter Belik of the State University of Sao Paulo in Campinas; and Daniel Olivera, of the Inter American Development Bank in Buenos Aires. All of them spent much time in discussions and some have commented on an earlier draft. And Alice Andres, in addition, introduced me to the best pizzas in the world. I am grateful to B S Prakash, India's ambassador to Brazil, and his colleagues, (Amit Shukla in Brasilia and consul general J K Tripathy and Abhilasha Joshi in Sao Paulo) for sharing their knowledge with me.

My colleagues in CBPS were helpful as usual. From all I have received information and interpretations, all conclusions, omissions and errors are my own. This paper is part of a larger research project in CBPS on "Budget Information Systems for Local Governments" funded by google.org. Comments are welcome.]

- 1 For example, Argentina, Chile, Guatemala, and Mexico. The Mexican 'Progresso' has morphed to 'Oportunidades'. This paper limits itself to the Brazilian experience.
- 2 Action is not taken against families that fail to meet the conditionalities. They are counselled by staff of the Ministry of Social Development and Fight against Hunger (MDS). The reasons for not meeting the conditionalities are examined and an attempt to solve them is made. Warnings are given, but money transfer is not stopped. [Personal communication from several people I met].
- 3 Taken from the "Social Development: Summary Guide", published by the MDS in 2008.
- 4 This is term they use. Hunger in the sense of no access to food may not be that accurate for Brazil. In the Amazon, people are poor, but there is no lack of food. A lack of income is the problem.
- 5 I understand that now a second public sector bank, the Banco do Brazil, also participates in this programme.
- 6 The transfer of funds went through stages – first from the federal government to the province; then from the federal government to the municipality; now they go directly to the household.
- 7 Some economists regard this as the most important contributor to the reduction in poverty.
- 8 Article 1 of the 1988 constitution, italics added. Further, "All power emanates from the people, who exercise it by means of elected representatives or directly, as provided by this Constitution." Civil society plays a very important part in social policy making and monitoring in Brazil. In 2010, Constitutional amendment no 64 included The Right to Food in Article 6 of the Brazilian Constitution.
- 9 Personal communication from Raul de Mota Silvera

Neto in Recife. The work referred to is that of Ricardo Paes de Barrios.

- 10 Information provided by MDS in a presentation dated 23 April 2010.
- 11 I am not sure whether this is a higher vs primary education issue or a problem of general underfunding of education.
- 12 However, with workers in the organised sector – government and corporate – opting for an insurance-private hospital model, only those with no voice will be left for the SUS. Over time, there is a danger of deterioration in service quality, especially when there are financial constraints.
- 13 See Kapur et al (2008). After a detailed discussion of past experience, they make a case for introducing cash transfers in India and recommend a modest start.
- 14 Discussed in my brief review, "Participatory Budgeting in Brazil: A View from India", available in [www.internationalbudget.org](http://www.internationalbudget.org).
- 15 The Congress led the struggle for "swaraj" in India, but we do not call the national government the "Self" Government of India. The use of the word "self" before government suggests some kind of inferiority. For a history of the use of this term see Arkaja Singh, forthcoming paper from CBPS.
- 16 Discussed by S Varadachary in his H C M Mehta Memorial lecture at the H C M Rajasthan State Institute of Public Administration, Jaipur, in March 2010.
- 17 See, for example, <http://www.infoq.com/articles/Brasilian-Healthcare-System>.

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