Q8

Can the vicious cycle of gender inequality, poverty and malnutrition be broken through microfinancing of women SHGs? Explain with examples.

UPSC Civil Services Mains 2021 · GS II · 10 marks · Poverty and Hunger

Issues relating to poverty and hunger.

Core demand of the question

- Can the vicious cycle of gender inequality, poverty and malnutrition be broken through microfinancing of women SHGs? Explain with examples
- Honour the official stem. Use SEWA, Kudumbashree and the SHG-bank linkage as examples
- Keep the explanation within a 10-mark length

Revision summary

SHG microfinance can interrupt gender inequality, poverty and malnutrition by giving women cash, savings and bargaining power.

SEWA links credit to organising; Kudumbashree links neighbourhood groups to livelihoods and the panchayat.

NABARD linkage and DAY-NRLM took the model to national scale.

Over-lending, as in the Andhra stress, can deepen poverty; nutrition still needs PDS and health.

Use SHG finance as a lever beside titles, food and care services, not as a substitute Welfare State.

Introduction

- **Gender inequality, poverty and malnutrition feed one another:** a woman without income or voice feeds her child last and stays poor. Microfinance through women's self-help groups can interrupt that cycle, as SEWA and Kudumbashree show, but it cannot replace food, health and property rights on its own.

Body

How SHG microfinance attacks the cycle

- A group loan and a savings habit give women a cash buffer, which cuts distress sale of assets and the need for a moneylender at hunger months.
- Intra-household bargaining often improves when the woman is the account holder, which can raise spending on food and schooling - the malnutrition and inequality links.
- NABARD's SHG-bank linkage and DAY-NRLM scaled this from NGO islands to a national architecture, so the mechanism is no longer only a pilot.

Examples that work

- SEWA organised self-employed women for credit, markets and social security, showing that finance plus union-like voice attacks inequality, not only liquidity.
- Kudumbashree in Kerala combined neighbourhood groups with livelihoods, nutrition and local-government linkage, which is why it is cited for poverty and women's public presence together.
- Many NRLM groups run kitchen gardens, PDS vigilance and take-home ration follow-up, which is microfinance sitting next to nutrition, not in place of it.

Limits - the cycle does not break by credit alone

- The Andhra microfinance stress of 2010 showed that multiple lending and coercive recovery can worsen poverty.
- Malnutrition is also WASH, PDS, ANMs and women's unpaid care time; a loan for a goat does not fix a failed anganwadi.
- **Recommendation:** pair SHG credit with land and house titles in women's names, maternity entitlements, and food-health services, so microfinance is a lever inside a Welfare-State stack.

Flow diagram

Women SHGs -> Microfinance and savings

Microfinance and savings -> Income and bargaining

Income and bargaining -> Better food and schooling

Kudumbashree SEWA NRLM -> Women SHGs

PDS health titles -> Better food and schooling

Conclusion

Microfinancing of women SHGs can loosen the cycle of gender inequality, poverty and malnutrition where groups also bring voice and a link to food and health, as SEWA and Kudumbashree illustrate. Credit alone is not a break; over-indebtedness can retighten the cycle. The honest answer is yes, as a necessary lever, not as a sufficient cure.

Facts & figures

SEWA
Self-Employed Women's Association; organises women workers for credit, markets and social security.

Kudumbashree
Kerala's community poverty-eradication mission built on women's neighbourhood groups.

SHG-bank linkage / NABARD
The mainstream channel that connects women's groups to formal credit.

DAY-NRLM
Deendayal Antyodaya Yojana - National Rural Livelihoods Mission; the Union's SHG scale-up.

Andhra microfinance stress, 2010

Episode that showed coercive recovery and multiple loans can harm the poor.