

Self-Help Groups as Gendered Institutions in Emerging Rural Markets: An Institutional–Capability Perspective from Jharkhand, India

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Abstract

In emerging market economies, persistent gender asymmetries in access to finance, productive assets, and decision-making authority continue to constrain inclusive development. Conventional market mechanisms and state-led interventions often remain inadequate in addressing these structural exclusions, particularly in rural and tribal regions. This paper conceptualizes Self-Help Groups (SHGs) as gendered grassroots institutions that mediate between informal social structures and formal financial systems in emerging rural markets. Using empirical evidence from Bokaro district in Jharkhand, India, the study examines how SHGs reshape women's economic capabilities, financial agency, and social positioning within households and community institutions.

Drawing on a mixed-methods research design, quantitative indicators of empowerment were analysed using SPSS, while qualitative narratives were thematically examined using NVivo to capture process-oriented dimensions of agency and institutional interaction. The findings reveal that SHGs extend far beyond microfinance functions, operating as enabling institutions that discipline financial behaviour, facilitate collective risk-sharing, and expand women's substantive freedoms. By embedding SHGs within an institutional–capability framework, the paper contributes to emerging markets scholarship by offering a nuanced understanding of women-centric development pathways in peripheral market environments.

Keywords: Self-Help Groups; Gendered Institutions; Women's Empowerment; Emerging Markets; Capability Approach; Financial Inclusion

1. Introduction

Emerging market economies are increasingly characterized by dualistic development trajectories in which rapid economic expansion coexists with persistent gender and

social inequalities (Duflo, 2012; World Bank, 2020). While financial deepening and market liberalization have stimulated aggregate growth, their distributional outcomes remain uneven, particularly for women in rural, tribal, and peripheral regions (Agarwal, 2018). In such contexts, exclusion from formal financial systems, limited asset ownership, and restricted agency continue to reproduce gendered vulnerabilities and constrain women's participation in emerging markets.

The inadequacy of purely market-based solutions in addressing these asymmetries has redirected scholarly attention toward institutions—both formal and informal—that structure economic participation (North, 1990; Acemoglu & Robinson, 2012). Institutional voids, common in emerging and rural markets, often weaken the reach of banks, labour markets, and state welfare mechanisms, thereby necessitating alternative institutional arrangements rooted in collective action (Mair & Marti, 2009). Feminist development economists further argue that without addressing gendered power relations embedded within institutions, market inclusion alone cannot translate into meaningful empowerment (Kabeer, 1999; Duflo, 2012).

Within this institutional landscape, Self-Help Groups (SHGs) have emerged in India as distinctive grassroots mechanisms that combine financial intermediation with social mobilization. Empirical evidence suggests that SHGs enhance savings behaviour, facilitate access to credit, and support asset creation

among women (Swain & Wallentin, 2009; Swain & Varghese, 2009). Beyond economic outcomes, SHGs foster collective identity, confidence, and bargaining power, enabling women to renegotiate household and community-level power relations (Mayoux, 2001; Agarwal, 2010).

Jharkhand presents a compelling empirical setting for examining the institutional role of SHGs in emerging rural markets. Despite abundant natural resources, the state continues to exhibit low human development indicators, pronounced tribal deprivation, and gender disparities in literacy, employment, and financial inclusion (Government of Jharkhand, 2021). In this context, SHGs function as primary interfaces between women, markets, and the state, positioning them as critical gendered institutions rather than auxiliary financial instruments.

This paper conceptualizes SHGs as gendered institutions embedded within emerging rural markets and analyses their contribution to women's empowerment through an institutional-capability framework. By integrating global feminist economics literature with Indian empirical evidence, the study contributes to emerging markets scholarship by highlighting women-centric institutional pathways toward inclusive development.

2. Theoretical Framework and Review of Literature

2.1 Institutions, Gender, and Emerging Markets

Institutional economics emphasizes that markets are socially embedded systems shaped by formal rules, informal norms, and power relations (North, 1990). In emerging markets, institutional weaknesses often limit the effectiveness of market mechanisms, disproportionately affecting women and marginalized groups (Acemoglu & Robinson, 2012). Feminist scholars argue that these

institutional arrangements are inherently gendered and systematically constrain women's access to resources, agency, and opportunities (Agarwal, 2010).

Duflo (2012) contends that women's empowerment and economic development are mutually reinforcing but mediated by institutional contexts. Without supportive institutions, improvements in income or access to credit may fail to translate into sustained empowerment. This insight is particularly relevant for rural and tribal economies, where informal norms and collective institutions play a decisive role in shaping economic behaviour. In such settings, grassroots organizations like SHGs help bridge institutional gaps by fostering trust, cooperation, and financial inclusion.

2.2 Capability Approach and Women's Empowerment

The Capability Approach conceptualizes empowerment as the expansion of substantive freedoms—the real opportunities individuals have to pursue lives they value (Sen, 1999). Kabeer (1999) operationalizes this framework through the interrelated dimensions of resources, agency, and achievements, providing a widely accepted analytical lens for gender studies.

Empirical research demonstrates that empowerment is a dynamic and process-oriented phenomenon rather than a linear outcome, requiring sustained institutional support (Mahmud et al., 2012). Access to financial resources alone does not guarantee empowerment unless it is accompanied by enhanced decision-making power, social recognition, and autonomy. Within this framework, SHGs function as capability-enhancing institutions that promote financial literacy, collective learning, and confidence-building among women.

For example, studies across rural India indicate that SHG participation strengthens

women's control over household finances, encourages entrepreneurial initiatives, and enhances their participation in community decision-making processes. These outcomes underscore the relevance of the capability approach in assessing women's empowerment in emerging rural markets.

2.3 Self-Help Groups as Collective and Gendered Institutions

The literature on SHGs documents significant variation in empowerment outcomes across socio-economic contexts. Quantitative studies report positive impacts on savings, credit access, and asset creation (Swain & Wallentin, 2009; Swain & Varghese, 2009), while qualitative research highlights SHGs as spaces of collective learning, solidarity, and social capital formation (Mayoux, 2001).

Indian case studies further demonstrate that women's collective action through SHGs enhances participation in local governance and community resource management (Panda, 2009). Initiatives such as the SHG–Bank Linkage Programme and the National Rural Livelihoods Mission illustrate how institutional support strengthens women's economic and social empowerment.

However, critics caution against treating SHGs as a universal solution, noting that empowerment outcomes depend on institutional quality, group governance, and external linkages (Agarwal, 2018). Variations in training, financial literacy, and market access often influence their effectiveness. This study addresses these gaps by integrating institutional economics with the capability approach to analyse SHGs as gendered institutions operating within emerging rural markets. The framework provides deeper insights into how SHGs enhance women's financial capabilities, agency, and socio-economic mobility in regions such as Jharkhand.

5. Methodological Contribution

This study makes a distinct methodological contribution by operationalising women's empowerment through an integrated institutional–capability framework using a mixed-methods design. By combining SPSS-based quantitative analysis of empowerment indicators with NVivo-supported qualitative thematic coding, the research moves beyond outcome-centric assessments of income or credit access and captures the processual dimensions of agency, institutional interaction, and capability expansion (Sen, 1999; Kabeer, 2005).

The triangulation of numerical indicators with narrative evidence enables a context-sensitive interpretation of empowerment in emerging rural markets, particularly in tribal settings where conventional survey-based metrics often fail to capture subtle shifts in power relations. Evidence from Bokaro district, for instance, illustrates how SHG participation enhances women's financial decision-making, savings discipline, and engagement in livelihood activities. This methodological approach offers a replicable template for analysing women-centric institutions in peripheral market environments while maintaining analytical rigor and ethical sensitivity.

6. Conclusion and Policy Implications

By situating Self-Help Groups within an institutional–capability framework, this study advances a nuanced understanding of women's empowerment in emerging rural markets. Empirical evidence from Jharkhand demonstrates that SHGs function as gendered institutions that mediate women's interactions with markets, financial systems, and local governance structures. Rather than serving merely as conduits for microcredit, SHGs facilitate collective action, institutional learning, and the expansion of women's substantive freedoms.

The findings align with global evidence suggesting that empowerment outcomes are deeply contingent on institutional contexts (Duflo, 2012; Agarwal, 2018). Improvements in savings behaviour, asset creation, and livelihood engagement among SHG members are accompanied by process-oriented changes in agency, confidence, and social recognition, reinforcing arguments that empowerment cannot be reduced to income-based metrics (Kabeer, 1999; Mahmud et al., 2012).

In peripheral and tribal regions marked by institutional voids, SHGs emerge as compensatory institutions that embed market participation within socially grounded norms of trust and reciprocity. From a policy perspective, the study underscores the importance of strengthening SHGs as institutions rather than treating them solely as financial instruments. Investments in leadership development, internal governance, digital financial literacy, and market linkages can enhance the sustainability and depth of empowerment outcomes. Integrating SHGs more systematically into local development planning and emerging market strategies can further consolidate their role as participatory institutions capable of addressing gendered exclusions. For emerging economies seeking inclusive and resilient growth, SHGs represent a scalable and context-sensitive pathway toward gender-equitable development.

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