

Challenges and Opportunities for Promoting Entrepreneurship and Youth Employment in Lalbandi Municipality, Nepal

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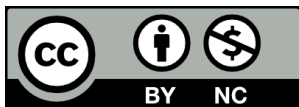
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Abstract

Youth unemployment poses a critical socio-economic challenge in Nepal, with semi-urban municipalities like Lalbandi in Madhesh Province facing acute difficulties. Promoting entrepreneurship is increasingly recognized as a viable strategy for enhancing youth employment, yet several contextual barriers persist. This study aims to identify the primary challenges and opportunities associated with fostering entrepreneurship as a means to address youth unemployment in Lalbandi Municipality, with specific attention to gender, institutional, and socio-cultural dynamics.

A mixed-methods approach was employed, integrating quantitative data from structured questionnaires administered to 75 youth respondents and qualitative insights from interviews and focus group discussions involving 20 key stakeholders. Analyses focused on employment status, access to resources and support programs, socio-cultural perceptions, and institutional capacity. Quantitative findings indicate that a significant proportion of Lalbandi's youth are either unemployed or engaged in informal employment, lacking access to financial services, vocational training, and government-led entrepreneurship schemes.

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Qualitative data highlight prevailing cultural barriers—especially for female youth—institutional limitations in program implementation, and low trust in public agencies. Nevertheless, promising opportunities are evident, including burgeoning digital entrepreneurship, agri-business potential, and mechanisms of cooperative-driven support. Many youth expressed readiness to engage in entrepreneurial activities, contingent upon improved access to resources and enabling support systems. The study underscores the necessity for locally tailored, youth-centered policy responses to promote entrepreneurship and employment. Key recommendations include expanding collateral-free lending, introducing practical and market-oriented vocational training, enhancing institutional outreach and responsiveness, fostering gender-sensitive environments, and integrating digital tools. These interventions could facilitate the unleashing of entrepreneurial potential among Lalbandi's youth, thereby contributing to sustainable, community-driven development.

Keywords: Entrepreneurship, Financial Access, Gender Barriers, Local Governance, Mixed-Methods Research, Vocational Training, Youth Employment.

Introduction

Nepal faces a multitude of developmental challenges, among which youth unemployment stands out as a particularly significant concern from both social and economic perspectives. Annually, numerous young Nepalis complete their formal education and attempt to enter the labor market; however, a substantial proportion remain either unemployed or underemployed. According to the Ministry of Labour, Employment and Social Security (MoLESS, 2022), the scarcity of domestic employment opportunities has led to a considerable outflow of young workers seeking job prospects abroad. This challenge is especially acute in rural and semi-urban municipalities such as Lalbandi, which are geographically distant from formal centers of employment, as well as from advanced vocational training and business mentorship commonly available in urban areas. In light of these limitations, entrepreneurship has increasingly been recognized as a viable mechanism for both self-employment and broader local employment generation (Gautam, 2021).

Through entrepreneurship, young people have the potential to leverage their creativity, skills, and contextual knowledge to establish small businesses. Such entrepreneurship not only allows for personal economic advancement but also fosters innovation and contributes to community-wide opportunity creation. As noted by Koirala (2020), the promotion of youth entrepreneurship could play a pivotal role in alleviating poverty, reducing the rate of outmigration, and fostering more sustainable local development in Nepal. National-level interventions, such as the Prime Minister's Employment Programme and the Youth and Small Entrepreneur Self-Employment Fund, aim to support aspiring young entrepreneurs. Nevertheless, these programs often

fail to adequately reach youth in remote or underdeveloped regions due to information gaps and bureaucratic inefficiencies (Bhattarai & Sharma, 2019).

Within Lalbandi Municipality, many young individuals are seeking employment opportunities outside the dominant agricultural sector. Similar to other rural areas of Nepal, they encounter numerous obstacles, including limited access to start-up capital, inadequate financial infrastructure, and a lack of motivation exacerbated by weak institutional support. Chaudhary (2022), in her study of rural youth motivation, highlights that the entrepreneurial aspirations of rural youth are significantly influenced by the presence of support networks and persistent skills gaps. Additionally, sociocultural barriers—particularly for young women—are pronounced. Research by Karki and Shrestha (2021) documents that young women in these contexts frequently face discrimination, mobility restrictions, and constrained agency within both familial and societal domains.

Despite these challenges, Lalbandi's youth possess significant entrepreneurial opportunities in sectors such as small-scale manufacturing, digital services, retail, and agribusiness. With targeted training, mentorship, and enabling policy frameworks, local youth have the potential to create businesses that cater to community needs while reducing dependence on foreign employment (Poudel, 2020). The United Nations Development Programme (UNDP, 2019) further asserts that the integration of private sector actors and the decentralization of governance structures can facilitate a strengthened entrepreneurial ecosystem at the local level.

In the context of Nepal, the opportunities and challenges for promoting youth entrepreneurship remain extensive. The advancement of digital technologies and industry 4.0 concepts, such as virtual farming industries, have introduced new possibilities for technology-driven agribusiness ventures in rural areas like Lalbandi in Madhesh Province (Mishra & Aithal, 2022). Moreover, adopting a strategic and wise utilization of local resources and human capital is essential to create economic opportunities for the youth of Madhesh Province (Mishra, 2023). Academic institutions and training centers must play a critical role in enhancing entrepreneurial skills and capacity building among young people, effectively optimizing human capital to generate local employment (Mishra, 2024a). Particularly, the promotion of agripreneurship offers a promising pathway to contribute to local economic development by introducing innovation and business-oriented approaches into traditional agriculture (Mishra, 2024b). Hence, through targeted government investment and policy reforms—such as accessible loan facilities, technical training, and creating an enabling entrepreneurial environment—youth in areas like Lalbandi can be encouraged to engage in local economic activities rather than relying heavily on foreign employment (Mishra, 2024c). Such a comprehensive approach is vital to unlocking the entrepreneurial potential of Madhesh Province's youth and ensuring inclusive, sustainable, and self-reliant local development.

Statement of the Problem

Youth unemployment and underemployment remain pressing socio-economic challenges in Nepal, particularly in semi-urban municipalities like Lalbandi. Despite the growing recognition of entrepreneurship as a potential solution for youth employment, limited empirical knowledge exists about the specific barriers and enabling factors that affect young people's engagement in entrepreneurial activities in this locality. Challenges such as restricted access to financial resources, lack of vocational training, cultural and gender constraints, and insufficient institutional support may hinder the entrepreneurial aspirations of youth in Lalbandi. Furthermore, the effectiveness of existing local and national programs designed to support youth entrepreneurship has not been adequately evaluated in this context. Addressing these gaps is critical to designing inclusive and responsive strategies that can effectively promote self-employment and reduce youth unemployment in Lalbandi Municipality.

Therefore, the present research seeks to investigate the perceived challenges and prospective opportunities for youth entrepreneurship within Lalbandi Municipality. By gathering insights from local youth, community leaders, and relevant stakeholders, this study aims to offer actionable recommendations to better foster self-employment and mitigate youth unemployment in this under-studied region.

Objectives

The primary aim of this study is to examine the current status of youth entrepreneurship and employment in Lalbandi Municipality, Nepal, by identifying the challenges and opportunities shaping young individuals' capacities to engage in entrepreneurial ventures.

Review of Related Literature

Entrepreneurship is globally acknowledged as a fundamental engine for economic growth, innovation, and employment generation, particularly in developing economies where youth unemployment remains a critical concern (OECD, 2017; World Bank, 2020). In South Asia, demographic transitions have led to a burgeoning youth population, posing substantial challenges for labor markets, and Nepal features prominently among countries grappling with high youth unemployment rates (ILO, 2021; CBS, 2021). The Nepali economy's predominantly informal character, limited industrialization, and seasonal agricultural dependence have exacerbated labor market mismatches, resulting in underemployment and discouragement among young job seekers (Sharma & Adhikari, 2020; MoLESS, 2022). Entrepreneurship has thus emerged as a strategic alternative to formal employment by offering avenues for self-employment and job creation (Koirala, 2020; World Bank, 2020).

Despite its promise, youth entrepreneurship in Nepal confronts multifaceted challenges. Access to finance remains the paramount barrier, as young entrepreneurs

often lack collateral and face high interest rates alongside complex banking procedures (Aryal et al., 2025; Bhatta & Bajjal, 2024; UNDP, 2019). Without inclusive financial services, youth-led initiatives frequently remain nascent and vulnerable (Bikalpa, 2024). Further compounding the problem are significant skill deficits; empirical studies reveal gaps in practical business competencies and limited vocational and entrepreneurial education within Nepal's formal schooling system, which impede youths' preparedness for business management (Chalise et al., 2023; Aryal et al., 2025). Institutional and regulatory impediments, including cumbersome registration processes, inadequate infrastructure, and fragmented government support, disproportionately affect semi-urban and rural contexts such as Lalbandi Municipality (Poudel, 2020; OECD, 2017). Social and cultural norms, particularly restrictive gender roles, further limit participation— young women face societal expectations and mobility restrictions that constrain their entrepreneurial potential despite their growing interest (Karki & Shrestha, 2021; Chaudhary, 2022).

Nevertheless, burgeoning opportunities exist to nurture youth entrepreneurship in Nepal. Training programs integrating practical experience, mentorship, and exposure to entrepreneurial role models have demonstrated capacity-building potential (Chalise et al., 2023; Kafle, 2024). Financial innovations such as microfinance, cooperative lending mechanisms, and government-backed funds have improved capital availability, albeit unevenly, with programs like the Prime Minister's Employment Programme providing critical, if variably accessed, support frameworks (ADB, 2021; Bhatta & Bajjal, 2024; NPC, 2020). Technological advances and digital platforms additionally afford new entrepreneurial pathways—social media and e-commerce are increasingly leveraged by youth to overcome geographic limitations, a trend particularly relevant in advancing semi-urban municipalities such as Lalbandi where digital infrastructure is expanding (World Bank, 2020). Institutional networks encompassing NGOs, youth clubs, and local government bodies serve as vital ecosystems, offering mentorship, advocacy, and networking opportunities essential for navigating Nepal's complex business environment (Poudel, 2020; Chalise et al., 2023).

Effective local governance plays a pivotal role in translating national entrepreneurship policies into context-sensitive interventions. Following Nepal's federal restructuring, municipalities like Lalbandi have been empowered to implement youth development programs with increased autonomy and resources, enhancing responsiveness and effectiveness (NPC, 2020; Poudel, 2020; Chalise et al., 2023). Nonetheless, coordination lapses among federal, provincial, and local agencies occasionally hinder seamless service delivery, underscoring the need for institutional capacity-building and participatory feedback mechanisms to build trust and improve program outcomes (UNDP, 2019).

Gender and social inclusion remain central to shaping equitable youth entrepreneurship. Women entrepreneurs encounter compounded barriers including restrictive social norms, limited access to finance, and insufficient gender-targeted

training programs, necessitating gender-sensitive policy frameworks to foster parity (ADB, 2021; Karki & Shrestha, 2021). Likewise, promoting entrepreneurship among marginalized groups such as Dalits, indigenous peoples, and disabled youth is critical for social equity and for harnessing Nepal's full demographic potential (UNDP, 2019).

Building upon the foundational understanding of youth entrepreneurship challenges and opportunities, recent scholarship highlights the transformative potential of integrating advanced technological concepts and localized economic initiatives within Nepal's evolving entrepreneurial ecosystem. Mishra and Aithal (2022) emphasize the relevance of industry 4.0 paradigms, particularly the operation of virtual farming industries, as a cutting-edge avenue to revolutionize agribusiness in Nepal. This digital transformation not only leverages technology to increase efficiency and market reach in agricultural enterprises but also creates novel entrepreneurial opportunities for youth in semi-urban and rural areas such as Lalbandi Municipality, where traditional agriculture remains predominant yet under-commercialized. By adopting virtual farming and related digital innovations, young entrepreneurs can circumvent challenges related to infrastructure and geographical limitations, fostering a more inclusive and resilient agribusiness sector.

Furthermore, comprehensive analyses of entrepreneurial success factors in Nepal reveal the critical interplay between individual capabilities, institutional support, and socio-economic environments. Mishra (2024) identifies education and human capital development as pivotal to entrepreneurial outcomes, underscoring the need for academic institutions to optimize training tailored to local market realities and emerging technologies. Policies that facilitate access to finance and streamline business processes enhance competitiveness and sustainability of entrepreneurial ventures, particularly for youth who often face barriers such as lack of collateral and bureaucratic delays. This holistic perspective underscores that entrepreneurial success extends beyond initial business creation to include continuous learning, adaptability, and leveraging of networks within supportive ecosystems.

Focusing on regional dynamics, Mishra (2023) contextualizes these insights within Madhesh Province, advocating for culturally informed and participatory approaches that harness local wisdom and resources. Such strategies help address specific socio-cultural limitations—including gender disparities and social exclusion—that constrain youth engagement in entrepreneurship in municipalities like Lalbandi. In this vein, promoting gender-sensitive policies and inclusive practices can unlock latent entrepreneurial potential among marginalized groups, contributing to both equity and economic vitality.

Moreover, agribusiness emerges as an especially promising pathway for local economic development in Nepal's rural contexts. Mishra (2024) highlights that despite Nepal's rich agricultural biodiversity and climatic advantages, infrastructural deficits, inadequate market linkages, and limited financial services hinder exploitation of agribusiness opportunities. Strengthening infrastructure—such as storage facilities

and transport networks—alongside enhancing risk mitigation measures and vocational training can foster more vibrant agripreneur ecosystems. This approach not only generates employment but also drives sustainable community development by integrating value chains and encouraging innovative farming practices.

Finally, government investment and policy reforms are identified as essential enablers. Mishra (2024) calls for strategic public sector interventions that prioritize agricultural modernization, facilitate access to credit, and institutionalize entrepreneurship support at local government levels. By aligning fiscal policies with grassroots needs and encouraging public-private partnerships, Nepal can create an enabling environment conducive to youth entrepreneurship, mitigating the challenges of unemployment and underemployment. These recent scholarly contributions collectively advocate for an integrative model of youth entrepreneurship development in Nepal—one that harnesses technological innovation, enhances human capital, respects local socio-cultural contexts, fosters agripreneurship, and is underpinned by proactive government policies. Such a framework is highly pertinent for municipalities like Lalbandi, offering pathways to capitalize on local strengths while addressing structural barriers to sustainable youth employment and economic growth.

In summary, the literature underscores entrepreneurship as a vital strategy for youth employment and socio-economic development in Nepal, yet highlights intertwined challenges spanning financial access, education and skills, institutional and regulatory frameworks, and socio-cultural dynamics. For municipalities like Lalbandi to effectively harness entrepreneurship's potential, holistic and locally tailored approaches integrating financial facilitation, practical skills development, governance strengthening, and inclusive policies are imperative to foster sustainable and youth-led economic growth.

Method

This study employed a mixed-methods research design to comprehensively investigate the challenges and opportunities related to youth entrepreneurship and employment in Lalbandi Municipality, Nepal. By integrating quantitative and qualitative approaches, the study aimed to capture both generalizable trends and contextualized, in-depth perspectives from local youth and key stakeholders. For the quantitative phase, data were collected using a structured questionnaire administered to a sample of 75 youths aged 18 to 35 years. Participants were selected through a stratified random sampling technique to ensure proportional representation across key demographic variables, including gender, educational attainment, and type of economic engagement (e.g., employed, self-employed, unemployed). The questionnaire comprised sections covering demographic information, current employment or entrepreneurial status, access to financial services and institutional support, participation in training and skills development programs, awareness of local and national youth entrepreneurship initiatives, and perceived barriers and opportunities for entrepreneurship.

Data collection primarily occurred through direct face-to-face interviews conducted in local settings, supplemented by electronic distribution of questionnaires to accommodate digitally connected respondents and enhance overall participation rates. The quantitative data were entered and managed using spreadsheet software, followed by descriptive statistical analysis to summarize response distributions. Key variables were reported as percentages to illustrate the prevalence of access to financial credit, program awareness, and specific entrepreneurial challenges such as capital insufficiency, lack of training, and market constraints. This facilitated comparative analysis across subgroups.

To complement the quantitative findings and enrich the understanding of underlying dynamics, qualitative data were gathered through semi-structured interviews and focus group discussions. A purposive sample of 20 participants was selected, including youth entrepreneurs, local government officials, vocational trainers, and representatives from youth organizations operating within Lalbandi Municipality. These sessions explored themes such as motivations to pursue entrepreneurship, socio-cultural support or discouragement, institutional facilitators and barriers, and perceived economic opportunities within the local context.

With participants' informed consent, interviews and focus groups were audio-recorded, transcribed verbatim, and translated into English when necessary. The qualitative data were analyzed thematically through an iterative process involving multiple readings of transcripts to identify salient patterns and recurring concepts. Initial codes were assigned to text segments corresponding to core themes—such as financial access, mentorship and training, gender-based constraints, and institutional responsiveness—which were subsequently grouped into broader categories aligned with the study's aims and triangulated with existing literature. This inductive thematic analysis elucidated not only the surface challenges but also contextual and structural factors influencing youth entrepreneurship.

The study adhered to rigorous ethical standards throughout its implementation. Participants were fully informed of the research objectives, their voluntary participation rights, and confidentiality were ensured. Written informed consent was obtained prior to data collection. All identifiable information was anonymized, and data were securely stored with access limited solely to the research team. Data usage was restricted to academic purposes to protect research participants' privacy and dignity.

While the mixed-methods approach strengthened the reliability and depth of insights, certain limitations were noted. The quantitative sample size of 75, though methodologically chosen, may not encompass the full heterogeneity of youth experiences across all wards of Lalbandi Municipality. Similarly, qualitative data, though rich, mainly reflect the perspectives of more engaged or accessible participants, potentially excluding more marginalized or less vocal groups. Nevertheless, the combination of quantitative statistical summaries and nuanced qualitative thematic findings provides a robust and well-rounded basis for understanding youth entrepreneurship challenges and opportunities within this semi-urban Nepalese context

Result and Discussion

This section presents and discusses the key findings of the study, combining the quantitative data from 75 youth respondents with qualitative insights gathered through interviews and focus group discussions with youth entrepreneurs, municipal staff, NGO representatives, and trainers in Lalbandi Municipality. Tables summarize quantitative responses, while thematic analysis presents recurring qualitative insights.

Table 1

Employment Status of Youth Respondents (N = 75)

Employment Status	Frequency	Percentage
Unemployed	30	40%
Informally Employed	23	30.7%
Self-employed/Entrepreneur	15	20%
Family-based Work	7	9.3%

Source: Field Study, 2025.

Table no.1 illustrates that out of 75 respondents, 40% reported being unemployed, while another 30.7% were working informally in low-paying or irregular jobs. Only 20% were self-employed or running micro-enterprises. These figures reflect a critical gap in formal employment opportunities and low levels of entrepreneurial activity. The data supports prior findings by Chalise et al. (2023) that youth in semi-urban Nepal face significant hurdles in entering the formal economy.

Table 2

Access to Financial Support

Financial Access Type	Frequency	Percentage
Received loans/support	10	13.3%
Tried but couldn't access	21	28%
Never tried/unaware	44	58.7%

Source: Field Study, 2025.

Table 2 reveals that only 13.3% of the respondents had successfully received any kind of financial support to start or expand their business ventures. Significant portions (28%) reported that they had tried but failed to access funding, while the majority 58.7% had never attempted or were unaware of available financial services. Qualitative findings confirm this trend, with respondents mentioning collateral requirements, lack of guarantors, and bureaucratic hurdles as key deterrents. Several youth cited fear of being trapped in debt and unfamiliarity with the loan process. These findings are consistent with Aryal et al. (2025), who argue that financial inaccessibility continues to marginalize potential entrepreneurs in rural Nepal.

Table 3*Participation in Entrepreneurial or Vocational Training*

Training Experience	Frequency	Percentage
Received Training	17	22.7%
No training	46	61.3%
Aware but not accessed	12	16%

Source: Field Study, 2025.

Table 3 indicates that 61.3% of youth participants had not received any entrepreneurial or vocational training, while only 22.7% had participated in such activities. Another 16% were aware of available training but had not enrolled due to various constraints like lack of time, access, or affordability. From qualitative interviews, many youths expressed that their formal education did not equip them with practical and income-generating skills. One participant shared, “We are taught theories, not business or life skills.” These concerns echo Koirala’s (2020) assertion that educational reform is essential for entrepreneurship development in Nepal.

Table 4*Awareness of Government or NGO Programs*

Awareness Level	Frequency	Percentage
Aware and benefited	7	9.3%
Aware but not benefited	12	16%
Not aware at all	56	74.7%

Source: Field Study, 2025.

Table 4 shows that 74.7% of respondents were unaware of any government or non-government entrepreneurship support programs, including national initiatives such as the Youth Self-Employment Fund or the Prime Minister Employment Program. Only 9.3% reported having directly benefited from such programs. Interviews with municipal officials revealed a lack of communication channels and technical capacity at the local level to deliver and promote such programs. This disconnect reflects institutional weaknesses discussed by UNDP (2019) and Poudel (2020), who emphasized that the policy-program gap is particularly wide at the local government level in Nepal.

Table 5*Gender Participation in Entrepreneurship (Among 30 Engaged Youth)*

Gender	Entrepreneurs	Percentage
Male	19	63.3%
Female	11	36.7%

Source: Field Study, 2025.

Table 5 illustrates that of the 30 respondents who reported engaging in entrepreneurial activities, 63.3% were male, while only 36.7% were female. This gender disparity was further explored in the qualitative data. Female participants reported family restrictions, lack of support, and cultural expectations as major barriers. Some expressed that even with business ideas; they lacked the freedom or confidence to act on them. This is consistent with Karki and Shrestha (2021), who found that patriarchal norms and early marriage continue to hinder women's economic participation in Madhesh Province.

Table 6

Youth Interest in Entrepreneurship

Interest Level	Frequency	Percentage
Interested with support	58	77.3%
Not interested	17	22.7%

Source: Field Study, 2025.

Table 6 reveals strong potential for entrepreneurship among youth in Lalbandi: 77.3% expressed interest in starting their own ventures if appropriate support such as training, finance, or mentorship were made available. Focus group participants mentioned sectors like agriculture processing, ICT services, and local retail as areas they were interested in exploring. Despite current limitations, this indicates a significant entrepreneurial spirit among youth, which could be harnessed through targeted, context-sensitive programs. These results affirm the conclusions drawn by ADB (2021), which stress that Nepal's youth possess the drive for entrepreneurship but are held back by systemic constraints.

Table 7

Qualitative Insights (Thematic Analysis)

Themes	Key Insights from Interviews and FGDs
Finance Constraints	Youth find formal loan processes complicated; most lack collateral and financial literacy.
Skills Gap	Formal education lacks entrepreneurship content; youth seek skill-based and practical training.
Institutional Barriers	Local government lacks structured programs and outreach; NGOs seen as more approachable.
Cultural Restrictions	Female youths face household pressure and limited freedom to participate in business activities.
Digital Trends	Social media is being used by some youths to promote services and small-scale goods informally.
Community Support	Youth trusts cooperatives and clubs more than formal government institutions due to accessibility.

Source: Field Study, 2025.

The document highlights major themes from interviews and FGDs regarding youth entrepreneurship. It notes that financial constraints remain a barrier due to lack of collateral, complex loan procedures, and low financial literacy. A significant skills gap exists as formal education fails to provide practical entrepreneurial training. Institutional barriers are evident, with weak local government support compared to NGOs. Cultural restrictions particularly limit young women's participation in business. However, digital platforms, especially social media, are emerging as informal avenues for promotion. Youth show greater trust in cooperatives and clubs than in government institutions, reflecting accessibility and community support.

Discussion

The empirical evidences from both quantitative survey data and qualitative thematic analysis reveals a complex interplay of challenges restricting youth entrepreneurship in Lalbandi Municipality. Key quantitative indicators demonstrate pervasive unemployment, constrained access to financial resources, and inadequate institutional outreach, reflecting systemic barriers that inhibit youth engagement in entrepreneurial activities. Concurrently, qualitative insights underscore socio-cultural impediments, notably restrictive gender norms, a deficit in practical business training, and limited confidence in local government mechanisms. These findings align with prior research highlighting multifaceted obstacles to youth entrepreneurship within Nepalese semi-urban contexts (Aryal et al., 2025; Karki & Shrestha, 2021; Poudel, 2020).

Nonetheless, the substantial proportion of youth expressing enthusiasm for entrepreneurship (as reflected in Table 6) signals a considerable reservoir of latent entrepreneurial potential that remains largely underutilized. Mishra's (2024) findings on the critical role of human capital optimization and contextualized capacity building resonate with the need to harness this latent energy by designing targeted interventions, including practical skills development, gender-sensitive inclusive finance models, and strengthened decentralized institutional supports. Such measures could effectively transform entrepreneurial intent into sustainable economic engagement.

Moreover, the study highlights the necessity of embedding financial literacy programs, business incubation, and mentorship frameworks within municipal structures, preferably facilitated by community-based organizations that enjoy higher levels of trust and social capital among local youths (Mishra, 2023; Chalise et al., 2023). This approach is consistent with observations by UNDP (2019) and OECD (2017) regarding the efficacy of localized, participatory governance in fostering enabling entrepreneurial ecosystems. Additionally, the emergent trend of informal business promotion via social media platforms represents a promising dimension of youth entrepreneurship. Supporting this digital shift through targeted digital literacy and e-commerce training can expand market access and reduce traditional entry barriers associated with geography and infrastructure (Mishra & Aithal, 2022; World Bank, 2020).

In synthesis with extant literature (Aryal et al., 2025; Sharma & Adhikari, 2020; World Bank, 2020), the current research reinforces that the primary constraints

on youth entrepreneurship in Nepal are structural—including inadequate infrastructure, limited access to capital, and insufficient awareness of support programs—rather than motivational deficits. Therefore, establishing an effective youth-centered entrepreneurship ecosystem in Lalbandi requires strategies that are deeply localized to the socio-economic realities of Madhesh Province. Such strategies must be inclusive—addressing gender and social equity—and integrated across sectors to leverage the region’s unique cultural and economic assets (Mishra, 2023; Mishra, 2024). By addressing these interconnected dimensions, Lalbandi’s youth entrepreneurship potential can be unlocked, ultimately contributing to sustainable local development and poverty alleviation.

Conclusions

This study offers a comprehensive examination of the complex dynamics surrounding youth entrepreneurship and employment in Lalbandi Municipality by employing a mixed-methods design that integrates quantitative survey data from 75 young respondents with qualitative insights from 20 key stakeholders. The findings reveal a paradoxical scenario: although there is strong motivation and interest among youths to engage in entrepreneurial activities, their potential remains significantly constrained by a confluence of structural, institutional, and socio-cultural challenges.

Quantitative analysis underscores that a majority of youths are either unemployed or relegated to informal employment, with only a small fraction actively participating in entrepreneurial ventures. Critical barriers identified include limited or nonexistent access to financial services, inadequate training opportunities, and weak institutional support structures. Notably, a substantial portion of respondents were unaware of existing government and non-government programs aimed at fostering youth entrepreneurship, highlighting a pronounced communication and implementation gap within local governance frameworks. The gendered dimension of these challenges is particularly acute, as female youth face additional obstacles stemming from entrenched family restrictions, traditional gender roles, and restricted mobility, which collectively curtail their economic participation.

The qualitative findings enrich these quantitative patterns, revealing deeper layers of impediment beyond statistical representation. Youth participants voiced significant frustration related to the inaccessibility of formal credit—primarily due to stringent collateral requirements—the absence of contextually relevant and practical business training, and pervasive distrust towards government-led entrepreneurship initiatives. Consequently, many young entrepreneurs gravitate towards informal community-based institutions, such as cooperatives and youth clubs, which serve as critical sources of support and social capital. Importantly, despite these barriers, more than 77% of youth expressed willingness to pursue entrepreneurial endeavors, contingent upon the availability of adequate support mechanisms.

Collectively, the study underscores that while structural and institutional limitations currently hamper youth economic engagement in Lalbandi, there exists substantial untapped entrepreneurial potential. Unlocking this potential necessitates a multifaceted approach encompassing coordinated, inclusive, and locally tailored interventions. Key strategic priorities include bridging the divide between policy design and ground-level implementation, reformulating youth skills development programs to emphasize practical and context-sensitive training, broadening access to diversified and collateral-free financing options, and actively challenging and transforming restrictive gender norms that disproportionately marginalize young women's economic participation.

This extended conclusion highlights the critical imperative for collaborative efforts among government agencies, civil society, academic institutions, financial intermediaries, and community organizations to construct an enabling ecosystem for youth entrepreneurship. By addressing these interconnected challenges and leveraging existing community assets, Lalbandi Municipality can cultivate a vibrant, inclusive entrepreneurial landscape that not only mitigates youth unemployment but also contributes to the broader goals of sustainable local development and socio-economic equity.

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