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Challenges Faced by First-Generation Entrepreneurs in Jharkhand

Dr. Bhrigu Nandan Singh
Head, Department of Commerce, PKRM College Dhanbad, Jharkhand, India

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Correspondence Address:
Dr Bhrigu Nandan Singh
Head, Department of Commerce, PKRM College Dhanbad, Jharkhand, India
Email:
drbhrigunandansingh@gmail.com

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Abstract

This mineral-rich state with a growing youth population has vast room for entrepreneurship. Yet, first-generation entrepreneurs (FGEs) are still engulfed by formidable challenges that make them unable to succeed and sustain themselves. This study looks at the key challenges faced by FGEs in Jharkhand: restricted access to capital, poor infrastructure, lack of skill and training, red tape processes, a brushing-up culture, and lack of mentorship. Regardless of initiatives at the state and national level, such as Startup India and Jharkhand Startup Policy, the startup ecosystem continues to under develop in rural and semi-urban areas. The study provides an insightful view of the entrepreneurial landscape through qualitative methods underpinned by primary data collected via structured interviews and surveys with 50 entrepreneurs spread across major cities. The findings declare that access to finance and infrastructure constitute the most pivotal barriers, while skill gaps and mentoring markets also influence to a great extent. The study recommends implementing policy reforms such as decentralization of incubation support, enhancement of digital infrastructure, promotion of credit accessibility, and the launch of awareness campaigns to facilitate an inclusive entrepreneurial environment. Illuminating the real challenges of FGEs, the paper conveys to policymakers and stakeholders the structural changes required to enable the entrepreneurial potential of Jharkhand.

Keywords: *Entrepreneurship, First-Generation Entrepreneurs, Jharkhand, Startup Ecosystem, Challenges, Rural Entrepreneurship*

Introduction:

Entrepreneurship is a key driver of socio-economic development, especially in developing states like Jharkhand. First-generation entrepreneurs (FGEs) are individuals who initiate businesses without prior family experience in entrepreneurship. These entrepreneurs play a significant role in economic transformation and job creation (Nwangwu, 2023, Verma. 2019, Fudamu,2022). Despite policy support like the Jharkhand Startup Policy (2016), FGEs in the state continue to struggle due to systemic and contextual challenges. **"New generation entrepreneurship is** characterized by young, tech-savvy, socially conscious individuals who often come from non-business backgrounds. They are motivated by passion, innovation, and the desire to create impact. In the context of India's evolving startup ecosystem, states like Jharkhand present both a significant opportunity and a unique set of challenges for nurturing such new-age entrepreneurs.

Jharkhand, formed in the year 2000, having strong industrial base specially in mining, steel and power . It is also rich in natural resources. However, despite its resource wealth, the state continues to face deep-rooted issues like unemployment, poverty, poor infrastructure, low literacy rates in rural areas, and inadequate access to finance. Against this backdrop, **new generation entrepreneurs in Jharkhand**—especially first-generation youth from rural or semi-urban backgrounds—are stepping forward to address local problems through innovative solutions, often using limited resources and minimal institutional support. New generation new generation entrepreneurship in Jharkhand is gaining tremendous supportin part by government schemes like Startup India, Stand-Up India, MUDRA Yojana, and state-level initiatives such as the Jharkhand Startup Policy (2016). These programs aim to provide mentoring, financial support, and incubation services to young entrepreneurs. Despite these efforts, the number of successful startups from Jharkhand remains relatively low compared to other states such as Karnataka, Maharashtra, and Delhi NCR. The reason is largely structural: lack of access to capital, insufficient entrepreneurial training, weak linkages between academia and industry, limited digital infrastructure, and cultural factors such as risk aversion and lack of family support.

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Moreover, first-generation entrepreneurs in Jharkhand frequently encounter additional hurdles. They often come from families with no prior business experience and limited social networks, making it difficult to attract investors or build market credibility. This research aims to explore the ecosystem of new generation entrepreneurship in Jharkhand, identify the key drivers and barriers, and offer policy recommendations for fostering a more inclusive and enabling environment. By understanding the aspirations, motivations, and challenges of this emerging entrepreneurial class, the study seeks to contribute to the broader discourse on regional entrepreneurship development in India. The findings are expected to provide insights for policymakers, educational institutions, financial bodies, and development agencies looking to catalyze sustainable entrepreneurship in underserved regions like Jharkhand.

Objectives of the Study

1. To identify the major challenges faced by FGEs in Jharkhand.
2. To analyze the role of institutional support and government policy.
3. To suggest strategies to improve entrepreneurial outcomes.

Methodology

This study adopts a qualitative approach by reviewing literature, government reports, and case studies. In-depth interviews (n=50) were conducted with early-stage entrepreneurs across Ranchi, Bokaro, Dhanbad, and Jamshedpur to collect primary insights. A set of structured questionnaires are distributed among the new generation startups and collected data are analyzed with the help of SPSS software.

Literature review

Challenges Faced by First-Generation Entrepreneurs in Jharkhand

First generation entrepreneurs are those individuals who started a business without a prior family experience. FGEs are play a significant role in employment generation. (Nwangwu, 2023, Verma. 2019, Fudamu,2022) fostering innovation and regional economic development (Grunitz, 2021) Jharkhand is a region predominated by tribal population, limited economic resources, industrial development and rural economic infrastructure, FGEs have their unique set of challenges (Vijayakumar, and Jayachitra, 2013).

Lack of Access to Capital

FGEs often lack collateral and financial literacy, leading to low access to formal credit. Many are unaware of funding schemes such as MUDRA, Startup India Seed Fund, or SIDBI initiatives. (Gayatri,2024) financial barrier is the key barrier to entrepreneurship in eastern India. Especially first-generation entrepreneurs have lack of access to capital (Singh and Roy,2021) which prevent new entrepreneur from growing. capital constraints can significantly impede innovation, scalability, and entry into high-value sectors (Berger & Udell, 1998). Capital access is usually shaped by Creditworthiness, Collateral availability, (Berger & Udell ,1998) financial literacy, Institutional framework, Informal vs formal capital markets, credit market imperfections disproportionately impact small and new firms to access of capital.

Inadequate Infrastructure

Jharkhand suffers from inconsistent power supply, weak transport connectivity, and limited internet access in semi-urban and rural areas, underdeveloped logistic system (Jharkhand Economic Survey (2022-23). The *Startup India Ranking Report (2021)* placed Jharkhand in the “Emerging Ecosystem” category, citing infrastructure gaps as a major limitation. Most incubation centers are located in a few cities like Ranchi, leaving large parts of the state underserved (*DPIIT, 2022*). Jharkhand need investment in digital infrastructure, reliable transport, and modern workspace facilities The *Jharkhand Economic Survey (2022-23).* 60% of Jharkhand-based startups struggle due to lack of supportive infrastructure (FICCI 2022). Without targeted state and central government interventions, these gaps may prevent the state's emerging entrepreneurial talent from realizing its full potential.

Skill and Knowledge Gap

FGEs lack business acumen, exposure to modern management practices, and market analysis skills. Technical and vocational education is limited to urban centers. (Kumar, ,2020). New generation entrepreneurs often face significant skill and knowledge gaps that hinder their ability to build sustainable ventures. While they exhibit creativity and risk-taking abilities, many lack essential business management skills such as financial literacy, legal compliance, marketing strategy, and operational planning (Singh & Gaur, 2020). These deficiencies are often attributed to inadequate exposure to real-world business environments (Kuratko, 2016). Technology is advancing and new generation required to learn it lack of technical updating resulting in ineffective digital strategies and poor scalability (Gupta & Sharma, 2021). In underdeveloped states like Jharkhand access to mentorship, incubators, and training programs is limited (OECD, 2019). The lack of structured support systems leaves young entrepreneurs ill-prepared to navigate competitive markets.

Bureaucratic Hurdles

Licensing, registration, and compliance are seen as tedious and discouraging. Many FGEs report lack of transparency and corruption at the local level. New generation entrepreneurs in Jharkhand face significant bureaucratic challenges that hinder business initiation and growth. Complicated licensing procedures, inconsistent implementation of policies, and lack of transparency in government processes contribute to delays and discourage innovation (Startup India, 2021). Entrepreneurs often encounter prolonged approval timelines and unclear regulatory requirements, particularly at the local and district levels (Jharkhand Start-up Policy, 2016). These bureaucratic inefficiencies create uncertainty and increase the cost of doing business. While digital governance is improving, systemic reforms and better inter-departmental coordination are critical to removing these barriers and promoting a vibrant start-up ecosystem in Jharkhand.

Social and Cultural Barriers

Risk aversion in families and communities limits entrepreneurial initiatives. Caste and gender-based discrimination in certain regions further demotivate aspirants. New generation entrepreneurs often face social and cultural barriers that restrict their entrepreneurial potential, especially in traditional and semi-urban regions. In states like Jharkhand, risk-aversion, family pressure for stable employment, and limited societal acceptance of entrepreneurship over government jobs act as major constraints (Mukherjee & Zhang, 2019). Gender norms also inhibit women entrepreneurs due to restricted mobility and lack of family support (Das, 2020). Moreover, the stigma of business failure discourages risk-taking. These deep-rooted cultural perceptions undermine entrepreneurial aspirations, highlighting the need for mindset change, awareness programs, and support systems to encourage entrepreneurship as a respectable career.

Mentoring and Networking Gaps

There are few incubators and accelerators outside of premier institutions like IIM Ranchi. Lack of mentorship and industry connections hampers scalability.

Data Analysis

Table 1: Structure model estimates (Path Coefficient).

	Path	**Beta**	**t value**	Supported
Lack of Access to Capital	.185	4.455	.000	Supported
Inadequate Infrastructure	.172	4.342	.000	Supported
Skill and Knowledge Gap	.136	3.576	.000	Supported
Bureaucratic Hurdles	.107	2.747	.002	supported
Social and Cultural Barriers	.109	2.883	.004	Supported
Mentoring and Networking Gaps	.162	3.894	.000	Supported

Note: Significance level P<.05, if t-value =>1.96, based on two-tailed t-test.
05, if t-value =>1.96, based on two-tailed t-test.

Significance of All Paths ($p < 0.05$) All p-values are less than 0.05 (in fact, most are <0.001), indicating that each variable has a statistically significant impact on the dependent variable. This confirms the hypotheses related to each factor are supported.. Strength of Impact (Based on Beta Values) Beta (β) indicates the strength and direction of each variable's effect. Higher β = stronger impact. The most influential barrier is Lack of Access to Capital, followed closely by Infrastructure and Mentoring Gaps. Bureaucratic Hurdles and Social/Cultural Barriers have the least relative impact, though still statistically significant. t-values (Statistical Strength) t-values > 2 indicate strong statistical support for the hypothesis. All t-values exceed this threshold, further validating the significance.The analysis reveals that all the six identified barriers significantly hinder the targeted outcome (such as entrepreneurship or inclusion). Among these: Financial and infrastructural access are the most pressing issues. Skill gaps and lack of mentoring are also strong contributing factors.Administrative and cultural barriers, while impactful, are comparatively less influential.

Recommendations

• Skill Development Programs: Increase outreach of entrepreneurial training to rural youth.
• Credit Access: Simplify loan procedures and promote micro-financing institutions.
• Incubation Support: Establish local incubation centers in partnership with colleges.
• Digital Infrastructure: Improve digital connectivity in Tier-2 and Tier-3 towns.
• Awareness Campaigns: Highlight success stories and schemes through rural outreach.

Conclusion

First-generation entrepreneurs are pivotal to Jharkhand's economic development. While government schemes exist, more localized and context-sensitive support is necessary. Addressing financial, infrastructural, and cultural barriers can lead to a more inclusive and vibrant entrepreneurial ecosystem in the state.

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Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper

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