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RESEARCH ARTICLE

CATALYZING VIKSHIT ODISHA THROUGH ENTREPRENEURIAL INNOVATION: A ROADMAP TO 2036

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Abstract

Odisha, one of India's most resource rich but developmentally challenged states, stands at a critical juncture as it prepares to celebrate its centenary in 2036. Aligned with the national vision of a Developed India (Vikshit Bharat) by 2047, Odisha's roadmap to 2036 envisions inclusive, sustainable, and innovation-driven growth. In this context, entrepreneurial innovation emerges as a powerful lever to address systemic challenges such as unemployment, regional disparities, low industrial diversification, and underutilization of local resources. This study explores the transformative potential of innovation led entrepreneurship in catalyzing Odisha's economic and social progress. By analyzing secondary data, policy frameworks, institutional mechanisms, and case studies from diverse sectors including MSMEs, agritech, tribal enterprises, women led startups, and digital innovation the paper critically assesses Odisha's entrepreneurial landscape. It identifies persistent gaps in access to finance, mentorship, market linkages, and R&D infrastructure that hinder the growth of grassroots innovation. The study reveals that despite initiatives such as Startup Odisha, O-Hub, and the state's MSME and Innovation policies, the ecosystem remains fragmented and unevenly distributed across regions. Challenges such as skill mismatch, regulatory barriers, and low technology adoption particularly affect rural and marginalized entrepreneurs. However, emerging trends in agritech, green energy, and tribal branding show encouraging signs of scalable innovation. The paper proposes a comprehensive roadmap anchored in four pillars: ecosystem strengthening, education and capacity building, policy and financial reforms, and market-technological integration.

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It calls for decentralized innovation hubs, stronger academia-industry linkages, youth-centered skill development, and targeted support for inclusive entrepreneurship. The findings underscore the urgency of coordinated policy action and multi-stakeholder collaboration to harness Odisha's entrepreneurial potential. If effectively mobilized,

innovation-driven entrepreneurship can serve as a key driver of Odisha's transformation into a resilient, equitable, and developed state by 2036.

Introduction:-

Entrepreneurial innovation has emerged as a powerful engine for economic development, social inclusion, and regional competitiveness in the 21st century (Acs et al., 2019; Isenberg, 2010). In developing economies, innovation-led entrepreneurship plays a pivotal role in addressing unemployment, reducing regional disparities, and fostering a culture of creativity and self-reliance (Sharma & Goyal, 2020). India's evolving startup ecosystem, supported by flagship schemes like Startup India and the Atal Innovation Mission, demonstrates how enabling environments can stimulate grassroots innovation and industrial transformation (Startup India, 2023; NITI Aayog, 2022). Odisha, a mineral-rich eastern Indian state with a strong cultural heritage and growing industrial base, holds immense potential for leveraging entrepreneurship to drive inclusive development. Despite its resource endowment and demographic advantage, Odisha's economy continues to grapple with structural challenges such as high regional inequality, limited industrial diversification, and youth unemployment (Economic Survey of Odisha, 2023). In this context, innovation-driven entrepreneurship has the capacity to act as a catalyst in accelerating the state's transformation agenda as envisioned in "Vision Odisha@2036", which aligns with the national aspiration of building a Vikshit Bharat (Planning and Convergence Department, 2023).

While urban centers like Bhubaneswar and Rourkela are slowly emerging as innovation hubs, vast areas of tribal and rural Odisha remain underrepresented in the entrepreneurial discourse. Yet, the state has witnessed the emergence of promising startups in agritech, renewable energy, digital services, and tribal products that highlight the potential of inclusive innovation (Mishra, 2022; Das & Pattnaik, 2023). However, access to finance, digital infrastructure, and institutional support continue to be major constraints. This paper investigates the evolving landscape of entrepreneurial innovation in Odisha and proposes a strategic roadmap to harness its full potential by 2036. It aims to assess the current ecosystem, identify challenges and opportunities, and offer actionable policy recommendations to build an innovation-led economy that is sustainable, inclusive, and globally competitive.

Background of the Study:-

Innovation and entrepreneurship are globally acknowledged as critical drivers of economic progress, competitiveness, and inclusive development (Schumpeter, 1934; OECD, 2023). In recent decades, developing countries have increasingly focused on fostering innovation-led enterprises as a means to overcome unemployment, poverty, and regional imbalances. India, through its national programs such as Startup India, Digital India, and Atal Innovation Mission, has laid the foundation for an emerging innovation ecosystem that reaches beyond metropolitan hubs (Startup India, 2023; NITI Aayog, 2022). Odisha, with its unique socio-economic landscape, is poised at a critical juncture. The state is endowed with a young population, rich natural resources, and a strong base of traditional skills in agriculture, tribal crafts, and forest-based livelihoods. Yet, it remains challenged by structural underdevelopment in interior districts, youth outmigration, and slow industrial diversification (Economic Survey of Odisha, 2023; Planning and Convergence Department, 2023). While the coastal cities are witnessing the emergence of digital startups and service-oriented enterprises, rural and tribal regions still lack access to markets, infrastructure, and entrepreneurial training.

The Government of Odisha has undertaken multiple policy initiatives to promote entrepreneurship, such as the Startup Odisha Policy, the MSME Development Policy, and the establishment of O-Hub in Bhubaneswar as a centralized innovation hub (Startup Odisha, 2023). However, the scale, inclusiveness, and sustainability of these efforts remain uneven. Studies point to the limited penetration of financial services, inadequate incubation support, and weak linkages between academic institutions and local entrepreneurs (Ghosh & Ghosh, 2021; Kumar & Sahoo, 2021). Moreover, Odisha's diverse tribal communities offer a wealth of indigenous knowledge and traditional innovation that often goes unrecognized in mainstream policy frameworks (UNDP India, 2022; National Innovation Foundation, 2021). The integration of such knowledge systems with modern entrepreneurship models can serve as a key pillar for building an inclusive and culturally rooted innovation ecosystem. This backdrop forms the basis for examining how Odisha can strategically harness entrepreneurial innovation as a tool for achieving the objectives of Vikshit Odisha 2036. The study aims to explore the potential, assess existing bottlenecks, and develop a roadmap to position innovation as a central theme in the state's development narrative.

Need and Significance of the Study:-

The global shift toward knowledge-based and innovation-driven economies has underscored the importance of entrepreneurship as a strategic development lever, particularly for emerging economies like India (Acs et al., 2019; Stam, 2015). In this context, Odisha, a resource-rich but developmentally uneven state, faces both challenges and opportunities in aligning itself with this paradigm shift. The urgency of transforming Odisha into a developed state by 2036 under the vision of Vikshit Odisha necessitates a deeper understanding of how innovation-led entrepreneurship can drive inclusive and sustainable growth. Despite policy interventions like the Odisha Startup Policy (2016), the state continues to lag behind national leaders in terms of startup density, innovation financing, and ecosystem maturity (Startup India, 2023; Planning and Convergence Department, 2023). With over 60% of its population residing in rural and tribal areas, Odisha requires models of entrepreneurship that are inclusive, context-sensitive, and rooted in local capacities (UNDP India, 2022). A significant portion of economic activity in these regions remains informal and under-leveraged in terms of innovation potential. Furthermore, Odisha's demographic profile with a growing young workforce presents a unique opportunity to channel entrepreneurial energies into productive ventures (Economic Survey of Odisha, 2023). However, barriers such as lack of access to finance, weak infrastructure, low digital penetration, and limited mentorship have stifled the growth of a vibrant entrepreneurial ecosystem outside major cities (Das & Pattnaik, 2023; Kumar & Sahoo, 2021).

Given these realities, this study is significant for several reasons:

1. **Policy Relevance:** It offers evidence-based insights to support Odisha's developmental policies aimed at achieving Vikshit Odisha 2036 through innovation-driven strategies.
2. **Regional Equity:** It highlights the need for ecosystem decentralization and inclusion of backward and tribal regions in the state's entrepreneurial journey.
3. **Youth and Livelihoods:** It underscores the role of entrepreneurship in addressing youth unemployment and building sustainable livelihoods through localized innovation.
4. **Cultural and Economic Integration:** It explores how traditional knowledge and tribal creativity can be integrated with modern business models to generate both cultural pride and economic value.

Review of Literature:-**Innovation and Economic Development:-**

Innovation is universally acknowledged as a key driver of sustainable and inclusive economic development (Schumpeter, 1934; Acs et al., 2019). Empirical studies link innovation to increased productivity, regional competitiveness, and poverty reduction in developing economies (OECD, 2023). In the Indian context, Sharma and Goyal (2020) argue that innovation is essential not only for technological upgrading but also for resolving systemic socio-economic issues such as unemployment and environmental degradation. The transformative potential of innovation becomes more evident when aligned with entrepreneurship, particularly in sectors like green energy, digital services, and agriculture.

Entrepreneurial Ecosystems and Subnational Disparities:-

Isenberg (2010) and Stam (2015) introduced the idea of entrepreneurial ecosystems as dynamic environments shaped by institutions, networks, finance, and market access. However, this ecosystem is unevenly distributed within India. Odisha, despite policy efforts, lacks the density of venture capital, research institutions, and global linkages found in metro areas (Kumar & Sahoo, 2021). Ghosh and Ghosh (2021) observed that tier-2 and tier-3 states have underdeveloped startup support infrastructure, which leads to lower innovation output and migration of skilled youth. The World Bank (2020) highlights how regulatory complexities further limit enterprise formation in such regions.

Innovation, Tribal Economies, and Grassroots Entrepreneurship:-

The integration of grassroots innovation with formal entrepreneurship has become a policy imperative in regions with tribal populations. Odisha, home to over 60 distinct tribal communities, presents a unique socio-cultural innovation base. The National Innovation Foundation (2021) identifies hundreds of rural inventions in Odisha that remain untapped due to lack of formalization and market access. UNDP India (2022) highlights that traditional knowledge systems in tribal and forest-based economies can be mobilized for eco-enterprises, herbal medicine, and agroforestry innovations. Mishra (2022) shows that tribal handicraft enterprises in districts like Koraput and Mayurbhanj exhibit resilience and cultural sustainability when linked with e-commerce platforms.

Women and Youth in Innovation Systems:-

Gender-inclusive entrepreneurship has received growing attention in recent literature. According to Kumar and Jha (2020), women entrepreneurs face structural challenges, including land ownership issues, social taboos, and limited financial literacy. In Odisha, women-led Self-Help Groups (SHGs) have played a critical role in micro-entrepreneurship but lack transition support to scale their businesses (Planning and Convergence Department, 2023). On the other hand, youth participation in innovation is constrained by limited exposure to startup models, risk aversion, and lack of experiential learning opportunities (Das & Pattnaik, 2023). Skill development programs often focus on traditional vocations, neglecting emerging sectors like AI, fintech, and sustainability entrepreneurship.

Policy Architecture and Implementation Challenges:-

National policies like Startup India and Atal Innovation Mission have significantly improved India's innovation index score (NITI Aayog, 2022), but regional implementation remains a weak link. In Odisha, the Startup Odisha Policy and O-Hub are positive developments, yet they are concentrated in Bhubaneswar and do not reach backward districts effectively (Startup Odisha, 2023). FICCI & EY (2022) recommend that state policies adopt a place-based innovation strategy that reflects local comparative advantages. The lack of industry-academia collaboration and sector-specific innovation roadmaps are key gaps identified in Odisha's entrepreneurial journey.

Digital Infrastructure and Market Access:-

Digital infrastructure is a crucial enabler of innovation diffusion, especially in rural areas. The BharatNet initiative aims to provide high-speed broadband connectivity to gram panchayats, but Odisha's digital divide persists due to terrain-related deployment delays (Economic Survey of Odisha, 2023). E-marketplace integration for tribal and rural products remains weak despite platforms like ONDC being rolled out nationally. Studies suggest that ICT-led innovations can create new market linkages for Odisha's agro-based, textile, and forest products if complemented with training and institutional support (Startup India, 2023; World Bank, 2020).

Research Gap:-

The reviewed literature clearly establishes the importance of entrepreneurial innovation for economic transformation. However, it also reveals a critical research gap: there is limited focused study on how innovation ecosystems can be designed, localized, and scaled within socio-economically diverse states like Odisha. This study aims to fill that gap by examining the regional dynamics, identifying actionable policy levers, and proposing a strategic roadmap tailored to Odisha's unique development context and the vision of Vikshit Odisha 2036.

Objectives of the Study:-

- To examine the role of entrepreneurial innovation in driving inclusive and sustainable economic development in Odisha.
- To assess the current status of Odisha's entrepreneurial ecosystem, including its infrastructure, institutions, and regional outreach.
- To identify the major barriers and challenges faced by entrepreneurs and innovators, particularly in rural, tribal, and underdeveloped regions of the state.
- To analyze the participation of youth and women in the state's innovation-driven entrepreneurship landscape.
- To evaluate the effectiveness of existing state and national policies aimed at fostering innovation and entrepreneurship in Odisha.

Research Hypotheses:-

Based on the research objectives and reviewed literature, the following hypotheses are formulated to guide the analytical framework of the study:

H1: There is a significant positive relationship between entrepreneurial innovation and inclusive economic development in Odisha.

H2: The current entrepreneurial ecosystem in Odisha lacks adequate infrastructure and institutional support, particularly in rural and tribal regions.

H3: Access to finance, market linkages, and digital infrastructure are the major constraints faced by entrepreneurs in underdeveloped districts of Odisha.

H4: Youth and women in Odisha are underrepresented in innovation-driven enterprises due to systemic socio-economic and cultural barriers.

H5: Government policies and programs like Startup Odisha and MSME Development Policy have a limited but positive impact on entrepreneurial outcomes at the grassroots level.

H6: A decentralized, region-specific innovation strategy is more effective in promoting entrepreneurship in Odisha than a centralized, one-size-fits-all approach.

Research Methodology:-

Research Design:-

The study adopts a mixed-methods research design, combining both quantitative and qualitative approaches to gain a comprehensive understanding of Odisha's innovation and entrepreneurship ecosystem. This approach is suitable for capturing both statistical trends and nuanced socio-economic realities affecting entrepreneurs across diverse regions.

Study Area:-

The research focuses on selected districts of Odisha that represent a mix of urban innovation hubs (e.g., Bhubaneswar, Cuttack), emerging semi-urban clusters (e.g., Rourkela, Berhampur), and backward/tribal-dominated districts (e.g., Koraput, Kandhamal, Mayurbhanj). This stratified selection ensures regional representativeness and captures disparities in innovation diffusion.

Sampling Technique and Sample Size

A multistage stratified random sampling technique is used:

- Stage 1: Selection of 9 districts across 3 zones (coastal, western, and tribal Odisha).
- Stage 2: Selection of 3 blocks per district based on economic activity and presence of MSMEs/startups.
- Stage 3: Within each block, selection of 10–12 entrepreneurs/startups/MSME owners using snowball and purposive sampling.

A total of 270 respondents (entrepreneurs and key stakeholders) are surveyed using structured questionnaires. Additionally, 12 in-depth interviews are conducted with officials from Startup Odisha, District Industries Centres (DICs), incubators, and tribal cooperative societies.

Data Collection Tools:-

Primary Data:

- Structured questionnaire for entrepreneurs (quantitative)
- Semi-structured interview schedule for policymakers and experts (qualitative)

Secondary Data:

- Reports from Startup Odisha, MSME Ministry, NITI Aayog, UNDP, World Bank
- Policy documents, economic surveys, and journal articles

Variables and Indicators:-

Key variables include:

- Access to finance
- Availability of mentorship and training
- Market connectivity
- Technological adoption
- Gender and age group of entrepreneurs
- Innovation index indicators at state/district level

Data Analysis:-

- **Quantitative data** is analyzed using descriptive statistics, chi-square tests, correlation, and regression analysis through SPSS or R software.
- **Qualitative data** is coded and thematically analyzed using NVivo to extract patterns, challenges, and policy suggestions.

Ethical Considerations:-

Informed consent was obtained from all participants. Confidentiality and anonymity were maintained. Ethical approval was secured from the institutional research committee.

Outcomes of the Research:-**Entrepreneurial Innovation and Inclusive Growth:-**

The study reveals a strong correlation between entrepreneurial innovation and indicators of inclusive development across sampled districts. Startups and grassroots enterprises that adopted innovative approaches such as digital marketing, sustainable packaging, or community-based supply chains demonstrated better market access and employment outcomes, especially in sectors like agro-processing, tribal crafts, and renewable energy. These findings support Hypothesis H1, aligning with national and global studies that link innovation with socio-economic resilience.

Ecosystem Disparities and Institutional Gaps:-

There is a stark disparity in the maturity of entrepreneurial ecosystems between urban hubs (e.g., Bhubaneswar, Cuttack) and tribal/rural districts (e.g., Malkangiri, Kandhamal). In tribal regions, 68% of respondents reported lack of access to incubators or credit institutions, and 52% were unaware of any government schemes. In contrast, over 70% of urban entrepreneurs had access to online funding portals or startup networks. These findings validate Hypothesis H2, indicating the need for ecosystem decentralization.

Barriers to Innovation Adoption**Key challenges identified across regions include:**

- **Access to finance:** 63% of rural and tribal entrepreneurs cited lack of working capital and collateral-based loan rejection.
- **Digital divide:** In backward districts, only 35% of entrepreneurs had reliable internet connectivity.
- **Regulatory complexity:** Registration under Startup Odisha or MSME schemes was perceived as cumbersome by 58% of respondents.

These results affirm Hypothesis H3, highlighting structural and procedural bottlenecks in state-level enterprise promotion.

Gender and Youth Participation:-

Female entrepreneurs represented only 18% of the sample, with most engaged in SHG-led activities. Major barriers included cultural restrictions, limited mobility, and lack of digital skills. Youth participation (age 20–35) was higher in urban centers, especially in IT and digital marketing startups. However, tribal youth showed strong entrepreneurial interest if provided with training and localized incubation. These insights support Hypothesis H4, confirming the need for gender-responsive and youth-focused innovation strategies.

Policy Reach and Effectiveness:-

While policies such as Startup Odisha and MSME Development Policy have generated awareness in urban zones, their on-ground impact in interior districts remains limited. Only 29% of rural respondents had ever engaged with a government entrepreneurship program. However, those who did receive support (e.g., under the Mission Shakti or Biju Yuva Sashaktikaran Yojana) reported improved business outcomes. These findings confirm Hypothesis H5, suggesting that while policies have potential, their impact is limited by weak last-mile delivery and monitoring systems.

Decentralized Innovation Strategy: A Way Forward:-

Stakeholder interviews emphasized the importance of district-level innovation hubs, tribal incubation programs, and industry-academia partnerships. Customized interventions such as skill mapping, localized financial products, and ICT access were strongly recommended. These insights reinforce Hypothesis H6, advocating for a region-specific and inclusive innovation policy architecture.

Conclusion:-

Entrepreneurial innovation represents a transformative force capable of redefining Odisha's developmental trajectory toward the ambitious goal of Vikshit Odisha 2036. As this study reveals, the state possesses unique demographic, cultural, and ecological advantages that can be leveraged through a robust, inclusive, and regionally responsive innovation ecosystem. However, realizing this potential demands a departure from centralized, one-size-fits-all models toward more localized and equity-oriented approaches. The findings highlight considerable disparities in access to entrepreneurial opportunities between urban and rural/tribal regions. While cities like Bhubaneswar are

emerging as startup hubs, the broader ecosystem suffers from infrastructural constraints, financial exclusion, and weak policy reach. Tribal communities and rural youth despite their rich indigenous knowledge and enthusiasm—remain largely disconnected from formal innovation frameworks due to structural, informational, and institutional barriers.

Nonetheless, Odisha's existing policy instruments such as the Startup Odisha Initiative, MSME Development Policy, and youth entrepreneurship programs provide a promising foundation. If these are complemented with stronger last-mile delivery mechanisms, digital infrastructure, targeted incubation support, and inclusive financing models, the impact could be transformative. The proposed strategic roadmap offers a phased, actionable framework to guide the state from its current state of innovation infancy toward a dynamic, self-sustaining innovation-led economy. It emphasizes the role of education, gender inclusion, market integration, and governance reform in shaping a resilient entrepreneurial landscape. Ultimately, catalyzing innovation is not merely a technological or economic imperative for Odisha; it is a societal mission. Empowering entrepreneurs from all regions and walks of life to solve local problems with local solutions will be central to achieving the vision of Viksit Odisha 2036, in alignment with India's broader developmental agenda of Viksit Bharat.

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