

Awareness of Investment Promotion for the Start-ups Eco-system: A study on Odisha

Dr. Ashamayee Mishra¹, Ms. Simran Jena²

¹Assistant Professor, Amity Global Business School Bhubaneswar

²Student, Amity Global Business School Bhubaneswar

Abstract

When a company is in its early stage in business sector then they need investments to group or funding source. Want to start a business then funding is very important. That's when we come across the word investment promotion agencies or investment promotion. The purpose of this study is to understand the need of investment promotion for Start-ups and whether it is necessary or not. This study specially targets start-up businesses, and this report shall point out the need, importance and awareness of investment promotion and investment promotion agencies. Using the data gathered from questionnaire and the information available on internet, we shall answer how the need of investment promotion and its agencies will be helpful for start-ups. The survey conducted was limited to specific area to attain the true and fair view or facts. Overall, the report shall present a new approach to the people or start-ups about the need, importance, and awareness of investment promotion and investment promotion agencies.

Keywords: Investment, Promotion, Start-up, Agencies, Funds, Eco-system

INTRODUCTION

An investment is a fortune or item acquired for the purpose of generating income or appreciation. An investment always refers to the expenses of some capital—time, work, money, or asset—in the hope that a greater return will be paid in the future than was originally invested. In general, any steps that is taken in the hope of increasing future income can be considered an investment. Since investing is positioned towards the potential for future growth or income, there is always a degree of risk associated with investing. Investments may not give rise to any income or may actually lose worth over time.

An investment is generally defined as an asset that is owned or controlled, directly or indirectly, by an investor and is characterized by binding capital or other resources, predicting profits or gains, or predicting threats. First, analyse your financial situation in terms of risk tolerance, investment goals and other factors such as family size, number of earning members and life plan. Then build a diversified financial profile on the report of your investment objectives by investing your funds in different instruments to maintain the right balance between risk and return. You should also know that it is difficult to answer what an investment means to a specific individual without taking the time period into account. This is why when considering what an investment is, you need to know how much time you have before you can turn your investments into cash. Since funds are affected by market forces, it is essential that you monitor them carefully on a regular basis. You may also consider adjusting if your portfolio is not generating good returns. Reasons to start investing is to keep the money safe, help the money to grow, to earn a stable outflow of income, to minimize the charge of tax, to retain up for retirement, and to meet your financial goals. There are many different types of investments. First one is stock. Stocks, also known as shares, may be the most familiar and simplest type of investment. When you buy stock, you are buying a proprietorship stake in a publicly traded organization. Second one is bond. When you buy a bond, you are basically lending money to an entity. This is mostly a business or government organization. Companies issue corporate bonds, while local governments issue municipal bonds.

Third one is mutual fund. A mutual fund is a pool of money from many investors that is broadly invested in a number of companies. Mutual funds can be managed actively or passively. An actively managed finance has a fund manager who selects the securities in which to invest investors' money.

Fourth one is exchange -traded funds (ETF). They are similar to mutual funds in that they are a pool of investments that track a market list. Unlike mutual funds, which are purchased through a mutual fund company, ETF shares are bought and sold on stock markets. Their price swing throughout the trading day, while the value of mutual funds is simply the net asset value of your investments, which is calculated at the end of each trade meeting.

Fifth one is certificates of deposits (CD). A certificate of deposit (CD) is a very safe investment. You give the bank a certain amount of money for a prearranged period of time. When that time period is over, you get your principal back plus a pre-determined amount of interest. The longer the loan or credit term, the higher your interest price.

Sixth one is retirement plans. There are various types of retirement plans. Workplace retirement plans sponsored by your employer include 401(k) and 403(b) plans. If you don't have acceptance to a retirement plan, you can get an Individual Retirement Plan (IRA), either traditional or Roth.

Seventh one is options. An option is a slightly more complicated way of buying shares. When you buy an option, you are buying the ability to buy or sell an asset at a certain price at a certain time. There are two types of options: call options for buying assets and put options for selling options.

Eighth one is annuities. Many people use annuities as part of their retirement savings. When you buy an annuity, you buy a policy and in return receive regular payments.

Annuities come in many varieties. They can last until death or only for a predetermined period of time. They may require regular premium payments or just one upfront payment. They may be partially linked to the stock market or simply be an insurance policy with no direct link to the markets. Payments can be immediate or delayed for a certain day. They can be secure or unsteady.

Ninth one is Cryptocurrencies. Cryptocurrencies are a relatively new investment option. Bitcoin is the most well-known cryptocurrency, but there are many more such as Litecoin and Ethereum. These are digital currencies that have no government backing. You can buy and sell them on cryptocurrency exchanges. Some sellers will even allow you to shop with them.

Tenth or last one is commodities: Commodities are visible products that you can invest in. They are common in future markets, where producers and commercial buyers – in other words, professionals – try to enclose their financial stake in commodities. Retail investors should make sure they properly understand futures before investing in them. This is partly because investing in commodities is subject to the risk that the price of the commodity will move sharply and suddenly in either direction due to sudden events. For example, political actions can apparently change the value of something like oil, while weather can influence the value of agricultural products.

For those investments, promotion agencies are requirement. Promotional agencies are agencies that are set up to help or serve entrepreneurs to start a business. Basically, they promote the business through various plans so that the entrepreneur can survive the initial hiccups that any business faces. Also, most of the strategies used by promotional agencies are all proven methods and therefore beneficial to entrepreneurs.

Entrepreneurial ecosystems (EES) are an exceptionally new idea that has piqued the curiosity of legislators, researchers, and professionals. despite the truth that research on EES is growing, their inputs are nevertheless dispersed.

Collaboration, knowledge sharing, and innovation at higher levels are more likely to create an enabling environment for entrepreneurship. Identify current gaps in theory, empirical research, and dormant research directions in EE.

Business development is important for the growth and prosperity of any national economy. Therefore, the government has put up many organizations to help, promote, train and support entrepreneurs. They

also provide training to entrepreneurs to improve their business and market knowledge, develop their skills and build an entrepreneurial attitude.

The various promotional agencies like:

- a. Industrial Promotion and Investment Corporation of Odisha (IPICOL)
- b. Small industries development organization (SIDO)
- c. Management development institution (MDI)
- d. Entrepreneurship development institute of India (EDI)
- e. All India small scale industries board (AISSIB)
- f. National Institution of Entrepreneurship and small business development (NIESBUD)
- g. National Institute of Small Industries Extension Training
- h. National Small Industries Corporation Limited (NSIC)

Business development is very important and that is why government spends a lot of money to extend their support. They also support entrepreneurs in rural and underdeveloped areas to ensure regional development. They have created various programs to help entrepreneurs in marketing, finance, technology and skill development to help entrepreneurs get up to speed and adapt to changing industry trends.

Government/public organizations that promote foreign direct investment (FDI) into their countries, such as the Investment Promotion Agency (IPA).

The state has been actively promoting itself as an investment destination, and as a result, there has been an increase in investment in various sectors in recent years.

Odisha has a diversified economy, and it offers attractive investment opportunities in sectors such as metals and minerals, petrochemicals, agro and food processing, textiles, renewable energy, and tourism. The state government has also introduced several investor-friendly policies, such as the Industrial Policy Resolution and the Startup Policy, which provide incentives and support for investors.

Despite the efforts made by the government of Odisha to attract investment and create an enabling environment for investors, there are some challenges that the state faces in the investment process. Some of the key challenges are:

Infrastructural constraints: While the state has made significant progress in developing its infrastructure, some gaps still need to be filled. For example, there is a need for better connectivity, both in terms of road and rail transport and the availability of reliable and uninterrupted power supply.

Land acquisition: Acquiring land for industrial projects can be challenging, particularly in rural areas where there may be disputes over land ownership or usage rights. The state government has taken several measures to address this issue, such as simplifying the land acquisition process and offering incentives to landowners, but there is still room for improvement.

Skilled labor: The availability of skilled labor is another challenge faced by Odisha. While the state has a large pool of workers, many lack the necessary skills for modern industry. The state government has taken steps to address this by setting up training institutes, but the challenge remains significant.

Bureaucratic hurdles: Despite the government's efforts to streamline the investment process, there are still bureaucratic hurdles that investors may face. The state government has taken measures to simplify procedures and reduce red tape, but more needs to be done in this regard.

Environmental concerns: Given the state's rich biodiversity and natural resources, there are concerns about the impact of industrialization on the environment. The state government has introduced strict environmental regulations to mitigate these concerns, but investors must still navigate a complex web of rules and regulations.

Investment promotion looks for those start-ups who can be given opportunities for investments and bring awareness to the possible investors, will provide capital, technology and exports, and increase in their productivity, innovation and wages in the city or country. IPA or Investment Promotion Agency are mostly government agencies who uses different marketing strategies or do certain marketing activities by creating awareness about the place or location as an appealing place for investment.

The IPA does this by introducing local investors and suppliers; to provide useful statistical information and business information such as macroeconomic indicators, labor productivity, wage earnings, attractive local economic sectors; practical support such as obtaining permits or completing other administrative obligations; and to manage any investment benefits a city, state or country may offer to foreign investors.

There are some challenges facing the investment promotion agencies. Some of the key challenges are: Competition from other states: Odisha competes with several other states in India for investment, and the competition is often fierce. Other states may have advantages such as better infrastructure or more investor-friendly policies, which can make it challenging for Invest Odisha to attract investment.

Lack of awareness: Many investors may not be aware of the investment opportunities available in Odisha, or they may have misconceptions about the state. Invest Odisha must work to raise awareness about the state's investment potential and correct any misconceptions.

Limited resources: Invest Odisha operates with limited resources, which can make it challenging to reach out to potential investors and provide the necessary support to investors.

Limited skill sets: The team at Invest Odisha may not have the required skill sets and expertise to effectively promote and facilitate investments in all sectors. This can make it challenging to provide investors with the necessary information and support.

Regulatory challenges: Invest Odisha must navigate a complex regulatory environment, which can include issues such as land acquisition, environmental regulations, and labor laws. These issues can be time-consuming and can delay the investment process.

LITERATURE REVIEW

- Promotion is one of the factors determining the success of the company's sales strategy and company. If the company has better product quality, customers will unfortunately not receive information about it. It will be difficult to make customers' purchasing decisions. (Mothersbaugh, Kenneth, & Best, 2007).
- Gaurav Kabra et al. (2010) in the particular study they want to know the factors influencing investment behaviour and the influence of these factors on the risk tolerance and thinking of men and women when making investment decisions, and the reason may be age. They used hedge and regression analysis for analysis. They concluded that now investors are more mature and have sufficient knowledge, but still individual investor prefers to invest according to his risk tolerance ability.
- K. Malar Mathi et al. (2012) the objective of the aim of the study is to understand the behaviour of individual investors. Data collected from literature review and research papers were collected from various referred journals related to individual investor behaviour. Their economic development depends on the growth of the country's rural market. Lack of finance in rural areas is the reason for low investment. Moving to the city for work.
- Sindhu K. P (2014), the aim was to determine the influence of risk perception by individual investors on their investment decisions in mutual funds. Investors' perception of risk is an important factor that influences investments. This study identified factors influencing investor risk perception.
- As varadan mentioned in the article "problems facing start-ups in India and solutions", a successful start-up not only needs a plan and passion, but also a lot of leadership skills, recognize market needs and interactively face different one's challenges.
- Prof. Archana Surywanshi (2013) In the article "HR Challenges in Start-up" states that today's managers have many challenges in this competitive world due to globalization, privatization and legal as well as law recruitment forecast applicant at the correct time and place. And they have to adopt changing their work environment and culture organization and should maintain a moderate attrition rate, focus on organizational cost pressures, economic and labour changes, talent management and expansion, technology growth, etc.

- Multifaceted research has brought together interdisciplinary approaches to entrepreneurship that include B. Entrepreneurial Economics, Urban Economics, and Economic Geography mentioned by Ács et al., 2014; Atiase et al., 2017; Sambo, 2018; Ucbasaran et al., 2001; Welter, 2011.
- 2021, Yue & Rivera mentioned according to the European Commission, entrepreneurship is the process of seizing opportunities, demonstrating innovation and creativity, and promoting economic growth through organized and effectual management structures. According to Chinese entrepreneurs, social capital is essential for developing startups, attracting more investment and gaining greater market share.
- 2015, Sewwandi mentioned that Standard finance theory assumes that investment decisions about investments must be made rationally, whereas behavioural finance theory assumes that investors fundamentally deviate from rational decisions.

SCOPE OF THE STUDY

This study shows the importance of promotional agencies for the start-ups. And how they are helpful to them. It also shows what a promotional agency has to offer, like schemes or activities to start-ups.

OBJECTIVE OF THE STUDY

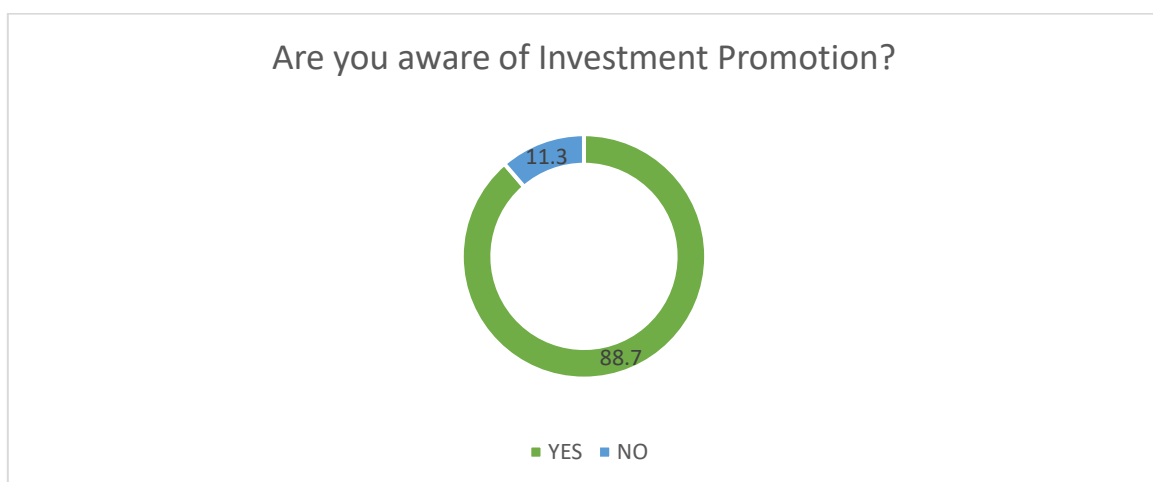
- To study the Awareness of the Investment Promotion in the start-up ecosystem

DATA ANALYSIS AND INTERPRETATION

Questionnaire named “Need of Investment Promotion for Start-Ups” was spread among people while being constricted to only investment promotion agencies. Seventy responses were collected via the questionnaire spread which helped in the formulation of this paper.

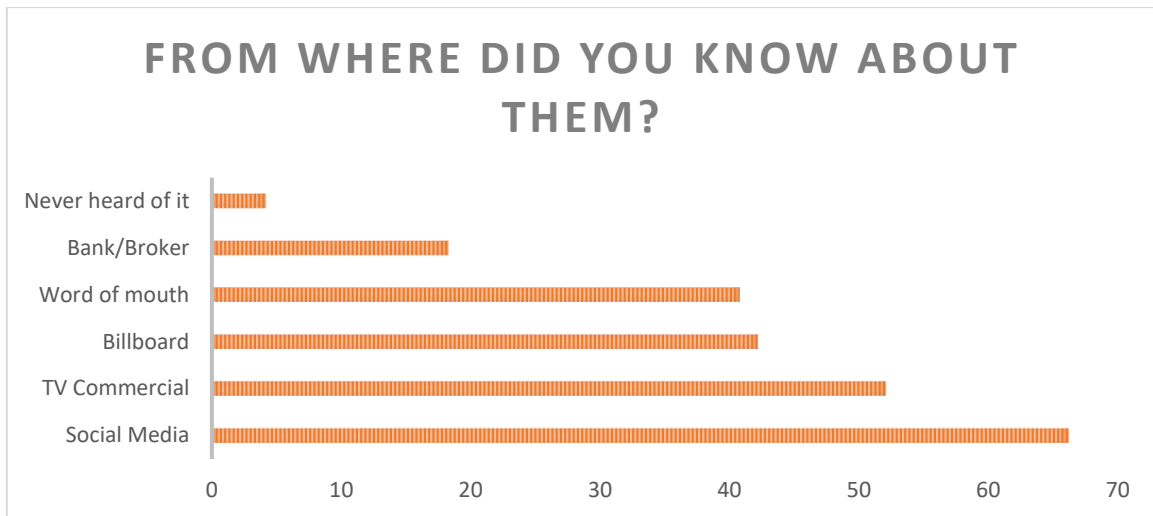
After the collection of certain data, we came across the fact that need of investment promotion and the need of investment promotion agencies for start-ups are essential as it’ll help them with fundings. It’s more likely to know what the start-ups should undergo before starting the business.

Total seventy respondents were asked many questions concerning to the sections or factors mentioned above. Given below are the data understood from analysing the data organised after getting the responses.



Graph 1

From the seventy respondents, about 88.7% people are aware of the investment promotions and about 11.3% people are not aware of the investment promotions.

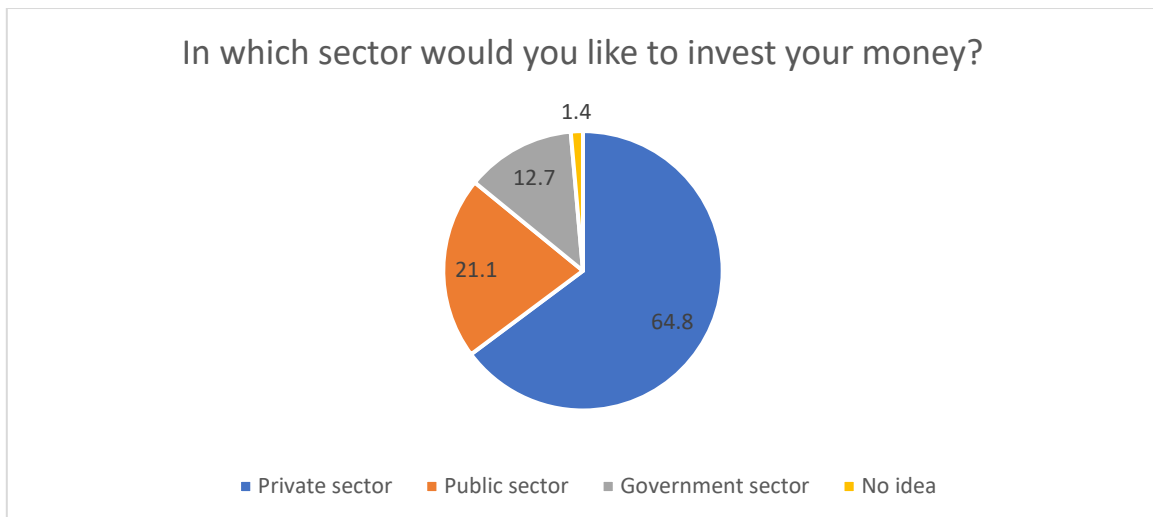


Graph 2

Above graph was about people’s awareness about investment promotion and people were given with options where they can select various options.

We can see that about 66.2% people knew about investment promotion from social media while 52.1% people knew from TV Commercial. Then we have 42.3% people who knew from billboards whereas 40.8% people knew from their family or friends or colleagues as word of mouth.

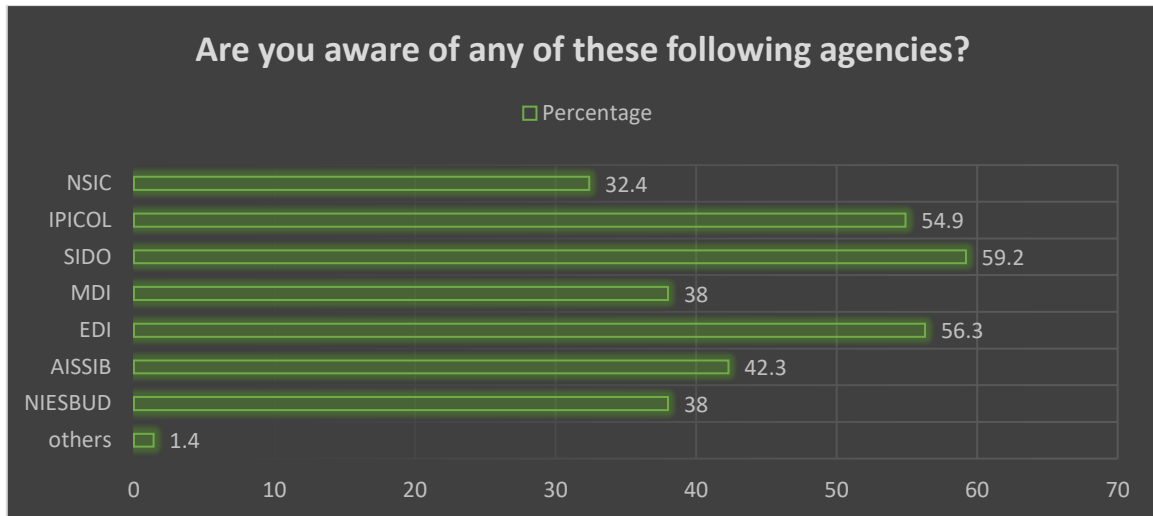
Few about 18.3% got to know from banks or brokers while there are 3.4% people who never heard of it. Here we can tell that majority have known investment promotion from social media and TV Commercials.



Graph 3

Here the above graph shows the interest area of people, in which sector they are most likely to invest. About 64.8% people want to invest in private sector while 21.1% people want to invest in public sector. About 12.7% people wants to invest in government sector. Lastly 1.4% of people with no idea where to invest.

We can see that majority of people wants to invest into private sectors and secondly into government sectors.



Graph 4

Above graph is about people awareness on any investment promotion agencies and again respondents have been provided with multiple selection option.

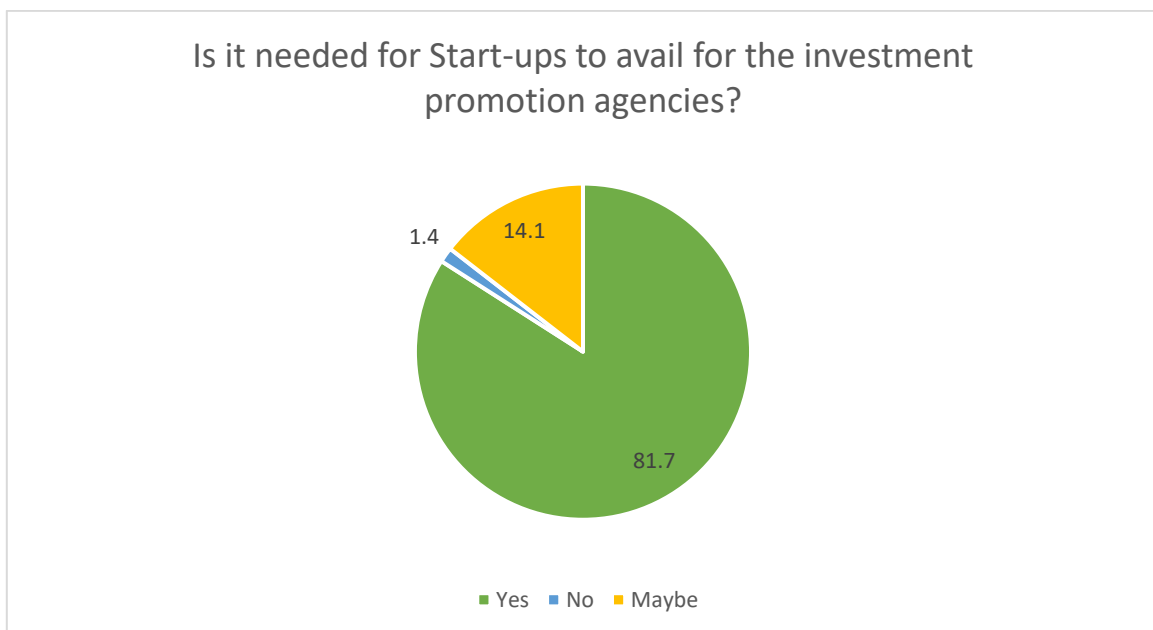
About 32.4% of people are known about National Small Industries Corporation (NSIC). 54.9% of people are aware of Industrial promotion and Investment Corporation of Odisha Limited (IPICOL) while about 59.2% of people are known about Small Industries Development Organization.

There are 38% of people who knows both about Management Development Institution (MDI) and National Institution of Entrepreneurship and Small Business Development (NIESBUD).

About 56.3% people knows about Entrepreneurship Development Institute of India (EDI) whereas about 42.3% people knows about All India Small Scale Industries Board (AISSIB).

Lastly 1.4% people who are not aware of any.

We can see the majority of people are aware of SIDO, EDI, and IPICOL with 59.2%, 56.3%, and 54.9% respectively.

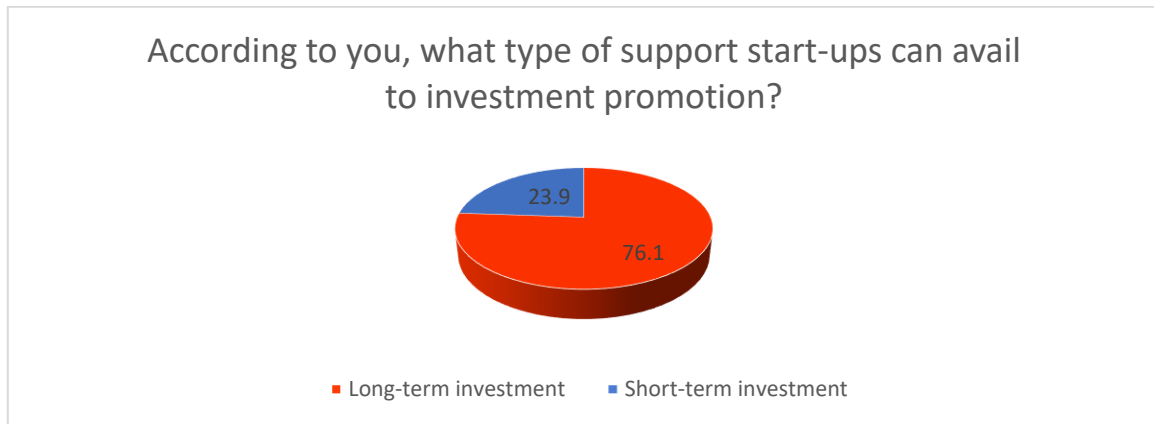


Graph 5

Above graph is about availability of investment promotion agencies by start-ups. It is necessary for the start-ups to avail the IPAs or not.

According to the graph, 81.7% of respondents said yes that the start-ups should avail IPAs while there are 14.1% of people said maybe depending on the type and size of business like small or medium. Lastly 1.4% said no, start-ups are not mandatory to avail the IPAs.

Majority we can see the people with 81.7% said yes which mean maximum start-ups should avail for the investment promotion agencies.



Graph 6

Above graph shows the time of investment start-ups should ask support for.

About 76.1% respondents have selected long-term investment which they thought to be beneficiary to the start-ups while 23.9% respondents chose short term investment.

Relationship between investment sector and type of investment

Next, we tested the relationship between investment sector and awareness about type of investment i.e., if there is any connection between investment sector and type of investment a start-up should avail. To put it to test we made a hypothesis that:

H0: There is no significance relationship between investment sector and type of investment.

To put this hypothesis to test a chi-square test was conducted. The significance level was set as 5% or 0.05. Table 1 shows the observed table that was gathered through the responses from the question:

Observed Data Table

	Government sector	Private sector	Public sector	Grand total
Long-term investment	8	35	10	53
Short-term investment	2	10	4	16
Grand total	10	45	14	69

Table 1

From table 1 and its data we could find the expected value of each data. To calculate the expected value, we have to multiply row's grand total with column's grand total and divide it with the total number of responses received. Table 2 shows the expected values calculated and found.

Expected Data Table

	Government Sector	Private sector	Public Sector	Grand Total
Long-term investment	7.68115942	34.56521739	10.75362319	53
Short-term investment	2.31884058	10.43478261	3.246376812	16
Grand Total	10	45	14	69

Table 2

We found the p-value for chi-square to determine if there is any significance relationship between investment sector and awareness about types of investment. Though the p-value is equal to 0.85709065. The calculated p-value is more than the significance level of 0.05 or 5%. Hence, the hypothesis is rejected. It means there is relationship between investment sector and types of investment a start-up should avail.

FINDINGS

The findings and the interpretation of the study is that the investment promotion has been done on a regular basis. And majority of the investment promotion is done through the social media and TV Commercials which is convenient to reach out to the mass. There were four major elements that has been found out from the study and can be briefed as follows:

1. There is awareness of Investment promotion among the people along with those agencies that do work to promote the investment in the start-up ecosystem,
2. There is a need of investment promotion for the start-up business,
3. Investment sectors need to be unveiled so that the details of where to do investment can be highlighted,
4. The details of the different types of investment and the right way of doing the investment needs to be available for a start-up as well for the people to have an understanding regarding the same.
5. Investment promotion agencies have an impact on the Start-up ecosystems and has the power to boost up the business.
6. There is a visible relationship between the different investment sectors available and types of investment that a start-up should avail according to their consideration.

CONCLUSION

Investment agencies was established to support medium and large-scale industries in the state by providing necessary support services including equity participation and term loans.

This report includes study based on the need of investment promotion and the awareness of start-up ecosystem in the present-day scenario. It contributes to increasing demand in the securities markets through effective communication tools and the dissemination of information.

The state government has also taken several initiatives to attract investment, such as organizing investment summits and roadshows in various parts of the country and abroad. These initiatives have helped in creating awareness about the investment opportunities in the state and attracting investors to Odisha.

LIMITATION OF THE STUDY

Some difficulties were faced in doing this study. An ardent effort was used to do this study to bring out the fruitful result. Despite of that, there are some restrictions, which hinders the conduct of the study.

- Time period was very short for this study
- Due to limited time period, detailed analysis could not be performed.

SUGGESTIONS

Present day people are not much aware of the investment promotion and present-day start-up ecosystems. To create awareness various schemes can be developed for the people. We can go for the following awareness activities:

- Promotional activities such as email marketing, social media advertisement, paid advertising, partnerships and joint promotion, many more
- Various campaign programs such as benefitted schemes awareness campaigns, direct mail campaigns, marketing research campaigns.
- Conclave can be scheduled where they can directly engage people. Conclave is a unique platform for building strategic partnership easily, simply and effortlessly.
- Investment promotion units can ask their partner banks to promote the organization by various brochures.

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