



VENTURE CAPITAL INVESTMENT ANALYSIS A STUDY IN WANDSYS TECHNOLOGIES PVT. LTD.

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Abstract: In recent years, India has been a popular location for venture capital and private equity investments. The rapid expansion of the GDP and the deregulation of the economy were important drivers of the venture capital industry in India. Investments in venture capital and private equity have surged in the past few years. According to venture economic statistics, India ranked 25th out of 64 countries in the world between 1990 and 1999. Venture capital and private equity firms raised US\$ 945.9 million for investments in India. Over the following ten years, India's position improved, rising to 13th out of 90 countries and generating \$16,685.5 million for investments in the nation.. India was inside the top 10 of 77 nations in the globe by the end of 2025, and it climbed to the third position globally in terms of total investments. Over the past ten years, there has been significant fluctuation in the investment pattern. This essay attempts to analyze the private equity and venture capital investment trends in India over the past ten years.

I. INTRODUCTION

In developing nations such as India, venture capital is becoming a popular form of funding. It is the investment as equity, not the kind of loan. Shepherd and Zacharakis (2001) looked at the acceleration of initial public offerings (IPOs) from the standpoint of an ecosystem. The rate of return on venture capital investments was examined by Qiana and Zhang (2008) using data from 56 exit projects carried out by Chinese venture capital companies between 1999 and 2003. Venture capital offers the means by which investors may supplement entrepreneurial talents with financial resources and business acumen in order to take advantage of market possibilities and generate capital gains. Because venture capitalists can participate in management, the manufacturing process, marketing, and accounting, venture capital is an active kind of financing. Manigart et al. (2006) looked at the reasons behind 106 venture capital companies' syndication policies in six European nations: Belgium, the Netherlands, Germany, Sweden, France, and the United Kingdom. In his analysis and synthesis of the literature on venture capital syndication, Jaaskelainen (2012) took into account the impact of syndication on the performance of venture capital companies and their portfolios. They occasionally assign employees to oversee particular tasks and occasionally teach the company's employees in various operational areas. Because venture capital is an investment for a medium- to long-term length of time and takes a long time to fructify, it is patient risk capital because the success of a venture is unclear and there are risks of losing money. Poterba (1989) examined the association between venture capital activity and capital gains tax in the US from 1969 to 1987. In order to study the venture evaluation investment criterion, Rakhman (2005) surveyed 257 people in the Indonesian province of South Sulawesi who were classified as venture capitalists, investees, and entrepreneurs. The majority of investors are tax-exempt, according to the survey, thus these levies have no effect on the availability of venture capital. For entrepreneurs who lack access to alternative, more affordable funding sources, venture capital might be a viable choice. According to Lerner's (1994) analysis of the syndicated financing of privately owned biotechnology companies that received venture capital prior to going public, respectable venture capitalists pair up first-round investments with investors that possess comparable experience. In 1990, Barry et al. studied a set of two samples: 1123 IPOs without financing and 433 IPOs with venture capital backing between 1978 and 1987. Mishra (2004) examined the assessment criterion using a sample of 42 replies from venture capitalists, and found that the chief markers of a venture potential are an entrepreneur's personality and experience. According to Astrid Romain (2003), the factors associated with the entrepreneurial environment also explain a substantial part of cross country variations in VC intensity. Entrepreneurs with innovative ideas for new and developing technology and the potential to build their business can apply for venture capital financing. The role of the business plan in the venture capital decision-making process was studied by Kirsch et al. (2009) in a well-known case of quick decision-making under high uncertainty. It is the capital that outsiders put in new, potentially expanding, or troubled businesses or industries. A qualitative analysis of venture capital companies' value-added activities was conducted by Proksch et al. (2016). It is not the typical method of funding that yields interest or dividends on a regular basis, but it is an essential tool that helps knowledgeable people and groups of people build cutting-edge technology. The impact of venture capital investments on labor market performance was examined by Belke et al. (2002). A collection of panel data samples covering 20 OECD nations between 1987 and 1999 were employed in the study.

Risk money used for investments with the goal of capital appreciation is called venture capital. A better understanding of covenants included in venture capital contracts can help firms to understand the particular terms and restraints of VCs before providing capital. One type of finance available to entrepreneurs and start-up businesses is venture capital. It can be offered at

various points throughout a company's development. Dimov et al. (2012) asserted that three experiential learning mechanisms—familiarity with accumulated early funding decisions, shaping or imprinting effect at the very first decision, and decay or forgetting related to dormancy of prior decision—are linked to the decision to invest in early high technology businesses. Anyone in need of funding for small businesses or startups who believes they have room for long-term growth should consider venture capital. MacLean (2010) investigated the differences between well-developed and less-developed venture capital networks and looked into how the venture capital acquisition process functions in the less-developed regions of the network. The terms Venture and Capital are the two terms that make up Venture Capital. Hopp (2010) used a sample of 2,373 distinct financial commitments from 437 venture capitalists throughout subsequent rounds into 961 start-ups in Germany between 1995 and 2005 to study the syndication behavior of VCs. An effort, or venture, is a novel activity that is typically associated with business and has a significant degree of risk and uncertainty. Franke et al. (2008) interviewed 51 participants from 26 distinct venture capital companies who were actively participating in plan review between December 2001 and April 2002. Boadu et al. (2014) used a sample of 21 SMEs purposefully selected from 10 regions of Ghana to investigate the impact of venture capital funding SMEs. Capital is another name for the money required to launch a firm. Therefore, we may define venture capital as the investment of money in a business or sector that involves risk factors, instability, and uncertainty regarding the viability of the enterprise in question. Elsiefy (2013) conducted an empirical investigation of the factors that influence venture capital investments in Egypt between 1980 and 2010. Another name for venture capital is risk capital. Venture money is the ideal alternative for someone who is willing to take significant risks and is searching for a profitable business overseas. The capital market provides a wide range of financing options that are more intricate and varied than they were in the past. Knockaert et al. (2010) examined the heterogeneity in the selection behavior of 68 European early-stage high-tech VC investors. The process of getting a loan from banks, financial organizations, hire buy, leasing, and venture capital was coordinated. Fritsch (2012) looked at whether the geographical closeness of a venture capital company to its portfolio firm influences the venture capital supply. Using a sample of one hundred venture capitalists, MacMillan et al. (1985) determined the criteria used by venture capitalists to evaluate new venture proposals. Among these, venture capital is a relatively fresh, distinct, and inventive idea that has emerged globally and in India recently and is seen as more appealing and inventive. Diaconu (2012) determined the variables influencing Romania's venture capital investment activity from 2000 to 2010 in both the early and growth stages. The impact of political and legal risks on venture capitalists' investing methods in developing nations was examined by Khoury et al. (2012). Venture capital businesses provide funding for novel, knowledge-driven concepts and technologies. In the twenty-first century, venture capital is essential for funding newly founded businesses and technological advancements. Ramon-Llorens and Hernandez-Canovas (2010) analysed the segmentation of venture capital industry based on the most important criteria established in the previous literature. It is the sort of funding provided by an individual or organization for projects of this nature, including startup and early-stage businesses with significant development potential. Stimel (2012) examines the short-term impacts of macroeconomic factors on venture capital investments made in the US at various phases. One type of private equity is venture capital. Venture capitalists assume the risk of financing a startup, given the high degree of uncertainty associated with its early stages of development and the potential for success. Hellmann and Puri (2002) used a manually compiled data set on Silicon Valley start-ups to investigate the effect of venture funding on the growth of new businesses. Boocock and Woods (1997) analyzed 232 applications that the UK Regional Venture Fund received in order to look at the assessment criteria and the decision-making process. Venture capital can be supplied in more ways than just money; it can also take the shape of management or technological know-how. It is possible to obtain above-average returns on investment with various forms of funding. Rea (1989) looked at the market, product, team, risk, time, and transaction elements in relation to their respective relevance in negotiations. The trade-offs made by 73 European venture capitalists during their investing process were examined by Muzyka et al. (1996). It's a tempting and profitable payout. The primary disadvantages of venture capital are that investors receive ownership stakes in the business, giving them decision-making authority. Gavin Reid (1998) presents a systematic analysis of what drives investor-investee relations in venture capital markets. Santos et al. (2011) looked at the variables that venture capitalists take into account before funding IT projects. In the first analytical work to use a unified framework, he draws upon a modern and general approach to contracting relations, namely principal-agent analysis. Munari and Toschi (2011) examined the features of academic spin-offs that draw venture capital funding, the bias of VC investment in these ventures, and the differences between private and public VC funding. As they take use of the resources and unrealized potential, venture capital firms serve as the growing support system for India's developing industry. "Venture capital is an equity or equity featured capital seeking investment in new ideas, new companies, new products, new processes, and new services that offer the potential of a high return on investments," states the International Finance Corporation (IFC). After interviewing eighteen venture capitalists, Fried and Hisrich (1994) created a six-stage model of the venture capital investment decision-making process and determined the standard investment criteria of venture capitalists.

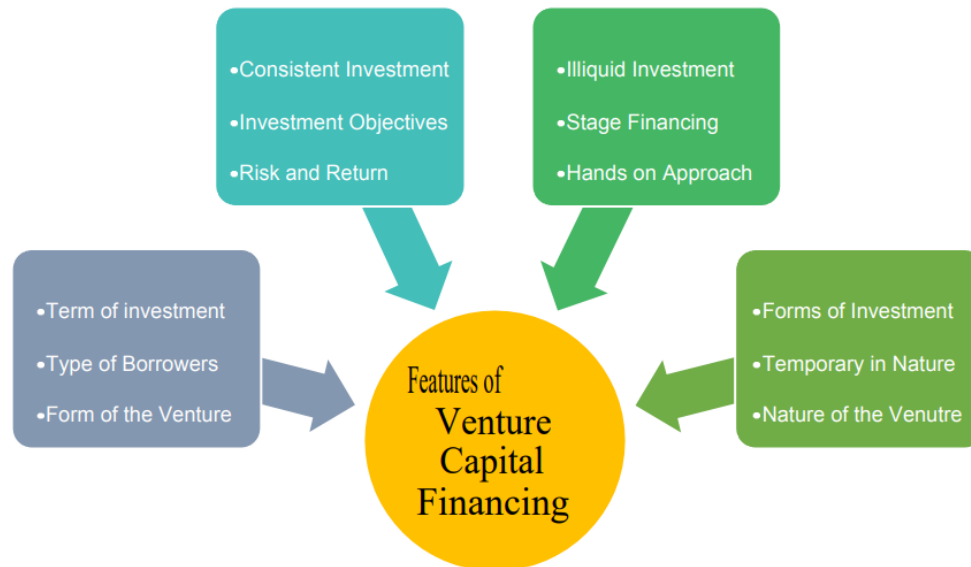


Figure 1: Salient Features of Venture Capital Financing

II. OBJECTIVES OF THE STUDY

The following goals serve as the foundation for the study:

- Investigating venture capitalists' investment assessment criteria
- Identifying the portfolio investments of particular venture capital companies
- Examining the risk-return patterns of representative sample portfolio investments of particular venture capital firms.

III. STATEMENT OF THE PROBLEM

A problem is sometimes defined as a description of an existing issue in a particular area that needs to be investigated or handled. In addition to giving the researcher substance, the research challenge poses a number of questions that the researcher must address. As a result, the issue statement serves as the focal point of the investigation. Informal finance, such as funding from local bankers, highly qualified financial institutions, and financing from a variety of financial instruments, is one of the many forms of financing that has supported industrial progress and is the foundation of global industry. In industrialized nations, venture capital has shown to be an effective kind of funding. Venture capital supports industrial growth, technological advancement, and the expansion of the nation's industrial base in the USA, among other things. This growth happens in industrialized nations as a result of adjustments made to government fiscal policy as well as the efforts of individuals or groups of persons in the private sector. Government initiatives also provide a boost to venture capital financing because small businesses may now access these funds as well. Conversely, the government of emerging nations such as India has taken the lead in promoting venture capital finance. Venture capital may prove beneficial in fostering entrepreneurship in our nation by establishing reputable businesses that provide us a competitive advantage in the global marketplace. The establishment of numerous businesses, a plethora of employment possibilities, and the nation's robust economic prosperity are all results of entrepreneurship, which is the engine propelling Indian society forward. For all of these reasons, it is necessary to research the expansion and investment trends of venture capital financing in India.

Initially, structured venture capital regulation was nonexistent in India; as a result, the country's conservative policies limited the potential for venture capital activities to expand. In the past several years, government policies have been more open, which has led to an increase in the number of competitors entering this market. From ₹ 100 crore in 1988–1989, venture capital climbed to ₹ 612 crore in 1994–1995 and ₹ 2988 crore in 1998–1999; it reached ₹ 3217 crore in 2003–04 and saw a significant growth to ₹ 46,228.5 million in 2008–09. Therefore, it is imperative that we research and analyze the expansion of venture capital funds as well as the sums contributed by different venture capital investors who drive the cutthroat industry and test the limits of entrepreneurship.

India offers a wide range of investment options. Because of the liberal and open nature of our economy, a large number of international investors are freely entering the country and bringing with them a large amount of risk capital, which has changed the direction of the winds of industrial, technical, and capital flows towards the country. When it came to having the greatest young population, our nation came in first. Consequently, India is gaining international recognition for its knowledge-intensive sectors thanks to a plethora of creative ideas, but the sector needs venture capital funding immediately to grow. Globalization, liberalization, and privatization had a significant positive influence that advanced the Indian economy. Therefore, it is necessary to research venture capital's investment patterns with regard to diverse sectors, investment phases, financial instruments, and fund contributors.

IV. REVUIW OF LITERATURE

Eisele (2011) examined how important VC investment criteria are in relation to different financing stages. The Proportion test results on a sample of thirty German venture capitalists show that, similar to expansion and late stage, the significance of relative investment criterion fluctuates across the financing phases. More specifically, there are differences in the criteria's significance between the early and later stages. The results differ little from the predominate standards of earlier research. The study comes to the conclusion that factors related to the management personality type and the possibility for appreciation of the acquired equity share are important at every level. Critically, rather than relying just on the percentage test, the empirical results of the study would have been better stated by factor loadings on the variable and the use of other techniques like ANOVA.

Dolencic (2010) The study examined the spatial characteristics of venture capital firms in the United States by developing a theory based on elements of human capital, agency, and social network. The dataset includes VC investments made in 4,007 companies and 1576 financial institutions between 2003 and 2010. The empirical results obtained through multiple linear regression demonstrate that venture capital's spatial reach is expanded by factors such as size, experience, and syndication. It also found that, when it comes to state funding, experience has no preference with regard to location; funding from outside the state has a positive influence. Ultimately, the study concludes that experience encourages VCs based elsewhere in the United States to make more local investments.

Dinkun Ge et al. (2005) looked at the variables influencing the economic value and firm-level performance of startups looking for venture capital funding. They created an integrated theoretical model using data from 210 recently launched companies in 48 different industries. The panel regression results demonstrate that venture capitalists generally place a higher value on a new venture that has high product differentiation and faster growth; an experienced startup founder and experienced top management; a team of founders as opposed to a solo founder; a full management team that handles all major management functions; and external partners. According to the report, venture capitalists should take these crucial aspects into account when evaluating a new venture in order to determine the firm's degree of performance and economic worth. These results, however, contradict Hill and Power (2001). Crucially, the model calculated leaves out other significant factors from a theoretical standpoint, hence the study's conclusion is premature.

Kumar and Kaura (2003) examine the screening standards used by venture capitalists on a sample of 12 investors who have been active in India for more than five years. According to Kendall's tau-c analysis, venture capitalists are looking for entrepreneurs that possess the following traits: they must be very diligent in their attention to detail, have the ability to adjust to risk, and invest in non-tech businesses. They also must have consistently worked to find target markets. Furthermore, the Wilcoxon Signed Rank test separated successful businesses from failed ones based on four factors: profit; market share; capacity to assess and respond to risk; and attention to detail. According to the study's findings, profitable teams meticulously concentrate on well-established markets in order to make the needed gains.

V. RESEARCH PROBLEM

The following are the research questions for the study:

- How can the effectiveness of venture capital portfolio firms be quantified?

Table 1: Research question

Questions	Objective
What are the Investment Evaluation Criteria adopted by Venture capitalists on the funding decision?	To study the investment evaluation criteria of venture capitalists
What are the risks considered for investments? How do they measure efficiency in the terms of returns?	To analyze the risk return parameters on sample portfolio investments of select venture capital firms
What are the values added services provided by VCs to Portfolio Companies?	To study the value added services that venture capitalists provided to their portfolio companies.
What factors contribute for success and failure of portfolio companies?	To identify the success and failure rates of portfolio companies.

VI. HYPOTHESIS FOR THE STUDY

- H1 : There is significant relationship between investment evaluation criteria and management criteria.
 H2: There is significant relationship between investment evaluation criteria and characteristics of the product or service.
 H3: There is significant relationship between investment evaluation criteria and characteristics of the market.
 H4: There is significant relationship between investment evaluation criteria and financial consideration.
 H5: There is significant relationship between investment evaluation criteria and characteristics of venture management team.
 H6: There is significant relationship between risk and market size and growth.
 H7: There is significant relationship between risk and product and technology.
 H8: There is significant relationship between risk and business strategy/model.
 H9: There is significant relationship between risk and customer adoption.
 H10: There is significant relationship between value added service and management efficiency.

VII. DATA ANALYSIS AND INTERPRETATION

Given that the researcher has looked at a variety of human personal qualities in this section, the human resources characteristics of respondents have a particularly significant role to play in expressing and providing answers to the problem in social science research.

Table 2: Age-wise classification of Sample Respondent Venture Capital Firms

Sl.No	Age in Years	Responses (N=39)		
		Number	Percentage	Mean Score
1	Less than 10	2	5.23	154
2	5 – 10	6	15.37	
3	10 – 15	18	46.13	
4	15 – 20	10	25.63	
5	20 and Above	3	7.68	
	Total	39	100	

Of the sample of venture capital firms, 46.13 percent had been around for ten to fifteen years. Of venture capital businesses, 25.63 percent have been in operation for less than 15 to 20 years. In the venture capital business, just 7.68 percent of organizations have more than 20 years of expertise. The idea of venture capital finance first surfaced in the middle of the 1990s as a risk capital for budding business owners who are having trouble obtaining funding from traditional sources. Venture capitalists depending on our financial resources and your ideas' concepts.

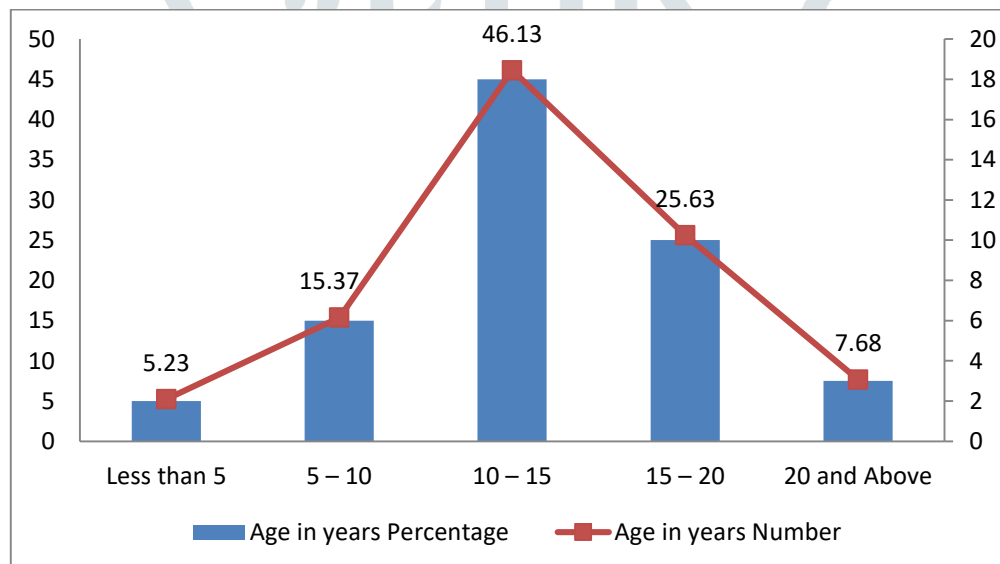


Figure 2: Age-Wise Classification of Sample VC Firms

Gender-Wise Classification of Respondents

In the specific context of India, gender is a crucial variable that is influenced by social and economic phenomena on a variable basis, and globalization is not excluding it. As a result, this study looked into the variable gender. Below are statistics pertaining to the respondents' gender.

Table 3: Gender Classification of Respondents

Sl. No.	Gender	Venture Capitalists		Portfolio Managers	
		Number	Percentage	Number	Percentage
1	Male	28	71.79	148	74.00
2	Female	11	28.21	52	26.00
	Total	39	100	200	100

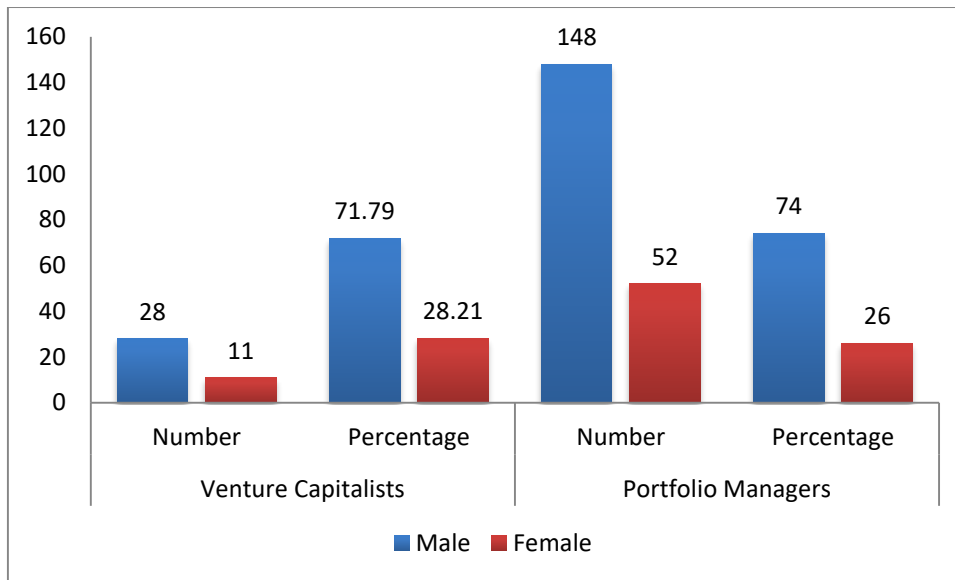


Figure 3: Gender Classification of Respondents

Age-Wise Classification of Respondents

The age of the respondents is one of the most crucial factors in recognizing their opinions on the testing difficulties; as age generally indicates an individual's degree of maturity, age becomes more significant when analyzing the response. Humans are more valuable to themselves and the companies they work for because they age well and become more productive.

Table 4: Age-Wise Classification of Respondents

Sl. No.	Age in years	Venture Capitalists		Portfolio Managers	
		Number	Percentage	Number	Percentage
1	Below 25	04	10.25	56	28.00
2	25 – 30	13	33.33	79	39.50
3	31 – 35	07	17.95	32	16.00
4	36 – 40	10	25.65	24	12.00
5	41 and above	05	12.82	09	4.50
Total		39	100	200	100

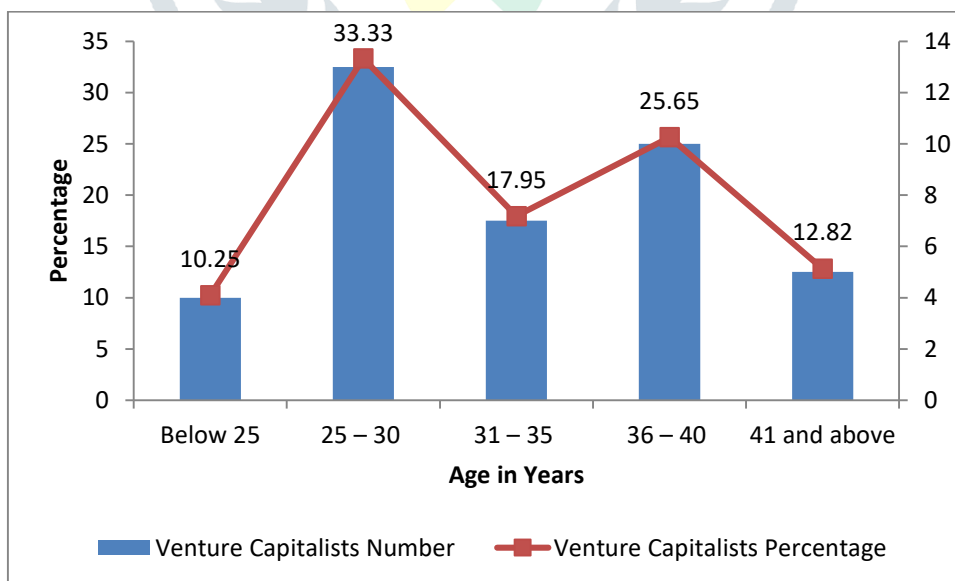


Figure 4: Age-Wise Classification of Respondents

Hypothesis1:

Ho: There is no significant relationship between investment evaluation criteria and management criteria.

H₁: There is significant relationship between investment evaluation criteria and management criteria.

Table 5: Hypothesis 1-Correlation and t-test result

Management Criteria	Correlation	Sig.	T Value	df	Sig. (P Value)
Entrepreneur's Personality					
Entrepreneur integrity and honesty	.862	.000	17.3 31	38	.000 *
Capable of sustained intense effort	.739	.002	14.4 61	38	.002
Ability to evaluate & react to risk	.832	.000	13.7 71	38	.002
Long term vision	.629	.282	16.2 95	38	.000 *
Attention to detail technical report	.816	.003	12.8 62	38	.003
Urge to growth	.512	.013	15.8 56	38	.000 *
Commercial orientation	.501	.003	12.2 00	38	.004
Amenable to suggestions and criticism	.432	.008	14.4 28	38	.000 *
Articulate in discussing venture	.231	.012	12.1 98	38	.000 *
Compatible personality	.377	.009	14.5 05	38	.000 *
Key management and multidisciplinary team of persons	.276	.010	12.8 19	38	.002
Strategy for sale	.219	.012	13.0 11	38	.004

Analysis:

The t-test, which has a 95% confidence interval, takes into account factors to determine if there is a significant difference between "Investment Evaluation Criteria" and "Management Criteria." There is a significant association, as indicated by the final result's p value, which is less than 0.05 ($p < 0.05$). There is a substantial correlation between the management criteria and the investment assessment criteria, as indicated by all the data values that show the alternative hypothesis is accepted and the farmed null hypothesis is rejected.

Hypothesis 2:

Ho: There IS no significant relationship between Investment evaluation criteria and characteristics of the product or service.

HI: There is significant relationship between investment evaluation criteria and characteristics of the product or service.

Table 6: Hypothesis 2-Correlation and t-test result

Characteristics of the product or service	Correlation	Sig.	T Value	df	Sig. (P Value)
High – tech product	.589	.003	14.8 32	38	.000*
Market acceptance for the product or service	.684	.004	15.1 83	38	.001
Uniqueness of the product	.480	.007	13.3 46	38	.000*
Commercially viable	.465	.008	13.4 12	38	.000*

Analysis:

The t-test, which has a 95% confidence interval, looks at variables to see whether there is a significant difference between "investment Evaluation Criteria" and "Characteristics of product or service". In the end, a significant link is shown by the p value, which is less than 0.05 ($p < 0.05$). As a result, every data point suggests that the alternative hypothesis is accepted and the farmed null hypothesis is rejected.

null hypothesis is rejected, demonstrating a strong correlation between the qualities of the product or service and the criteria used to evaluate investments.

Hypothesis 3:

Ho: There is no significant relationship between investment evaluation criteria and characteristics Of the market.

HI: There is significant relationship between investment evaluation criteria and characteristics of the market.

Table 7: Hypothesis 3-Correlation and t-test result

Characteristics of the market	Correlation	Sig.	T Value	df	Sig. (P Value)
High market growth rate	.489	.003	15.022	38	.000*
Little threat of competition	.397	.006	13.472	38	.001
Easy market acceptability	.497	.000	15.483	38	.000*
Market stimulated by the venture	.405	.004	13.250	38	.009
Large size of market	.207	.092	10.099	38	.002
Product in market familiar to VCF	.135	.135	11.002	38	.008
Ability to create a new and potential market	.294	.089	15.259	38	.000*

Analysis:

The t-test, which has a 95% confidence interval, takes into account factors to determine if there is a significant difference between "investment Evaluation Criteria" and "Management Criteria." The final result's p value, which is less than 0.05 ($p < 0.05$), indicates a meaningful link. There is a substantial correlation between the management criteria and the investment assessment criteria, as indicated by all the data values that show the alternative hypothesis is accepted and the farmed null hypothesis is rejected.

Hypothesis 4:

Ho: There is no significant relationship between investment evaluation criteria and financial consideration.

HI: There is significant relationship between investment evaluation criteria and financial consideration.

Table 8: Hypothesis 4-Correlation and t-test result

Financial consideration	Correlation	Sig.	T Value	df	Sig. (P Value)
Expected return equal to at least 10 times the investment in 5 – 10 years	.239	.069	12.003	38	.002
Expected return equal to at least 10 times the investment in last 5 years	.223	.084	11.704	38	.003
Expected return over 25% in 5 years	.460	.002	14.213	38	.000*
Expected return over 100% in 5 years	.479	.001	14.116	38	.004
Venture can be easily made liquid (going public or acquisition)	.230	.080	13.439	38	.002
Subsequent investment not expected by VCF	.339	.079	12.997	38	.008
VCF will not participate in later rounds of investment	.451	.002	14.040	38	.000*

Analysis:

The t-test, which has a 95% confidence interval, takes into account factors to determine if there is a significant difference between

"Financial Consideration" and "Investment Evaluation Criteria." The final result's p value, which is less than 0.05 ($p < 0.05$), indicates a meaningful link. As a result, every data point suggests that the alternative hypothesis is accepted and the farmed null hypothesis is rejected, demonstrating a strong correlation between financial consideration and the criteria used to evaluate investments.

Hypothesis 5:

Ho: There is no significant relationship between investment evaluation criteria and characteristics of venture management team.

HI: There is significant relationship between investment evaluation criteria and characteristics of venture management team.

Table 9: Hypothesis 5-Correlation and t-test result

Characteristics of venture management team	Correlation	Sig.	T Value	df	Sig. (P Value)
Technical skills	.457	.003	13.781	38	.000*
Managerial skills	.213	.097	11.972	38	.001
Financial skills	.312	.081	11.372	38	.003
Marketing skills	.468	.001	13.378	38	.000*
Balanced team	.432	.001	15.011	38	.000*

Analysis:

With a 95% confidence interval, the t-test is used to analyze variables in order to determine if there is a significant difference between the "investment Evaluation Criteria" and the "Characteristics of Venture Management Team". Less than 0.05 ($p < 0.05$) is the p value in the final result, indicating a significant association. There is a considerable correlation between the venture management team's attributes and the investment assessment criteria, as indicated by all the data values that show the alternative hypothesis is accepted and the farmed null hypothesis is rejected.

Hypothesis 6:

Ho: There is no significant relationship between risk and market size and growth

Hi: There is significant relationship between risk and market size and growth.

Table 10: Hypothesis 6- Correlation and t-test result

	Correlation	Sig.	T Value	df	Sig. (P Value)
Market size and growth	.487	.002	14.781	38	.000*

Analysis:

The t-test, which is carried out with a 95% confidence interval, takes into account factors to determine if there is any significant difference between "Risk" and "Market size and growth". A significant link is indicated by the final result's p value, which is less than 0.05 ($p < 0.05$). As a result, every data point suggests that the alternative hypothesis is accepted and the farmed null hypothesis is rejected, suggesting the existence of a strong correlation between risk and market size and growth.

Hypothesis 7:

Ho: There is no significant relationship between risk and product size and growth.

HI: There is significant relationship between risk and product size and growth.

Table 11: Hypothesis 7- Correlation and t-test result

	Correlation	Sig.	T Value	df	Sig. (P Value)
Product size and growth	.412	.006	13.321	38	.000*

Analysis:

The t-test is carried out with a 95% confidence interval and takes into account factors to determine whether there is any significant difference between "Risk" and "Product size and growth". In the end, a significant link is shown by the p value, which is less than 0.05 ($p < 0.05$). There is a strong correlation between risk and the size and growth of the product, as indicated by all the data values, which also show that the alternative hypothesis is accepted and the farmed null hypothesis is rejected.

Hypothesis 8:

Ho: There is no significant relationship between risk and business strategy/model.

H1: There is significant relationship between risk and business strategy/model.

Table 12: Hypothesis 8- Correlation and t-test result

	Correlation	Sig.	T Value	df	Sig. (P Value)
Business strategy/ model	.451	.001	11.703	38	.001

Analysis:

The t-test, which has a 95% confidence interval, takes into account factors to determine if there is a significant difference between "Risk" and "Business strategy/model". Less than 0.05 indicates a significant link, as indicated by the p value in the final result. Consequently, every data point suggests that the alternative hypothesis is accepted and the farmed null hypothesis is rejected, demonstrating a strong correlation between risk and company strategy/model.

Hypothesis 9:

Ho: There is no significant relationship between risk and customer adoption.

H1: There is significant relationship between risk and customer adoption.

Table 13: Hypothesis 9- Correlation and t-test result

	Correlation	Sig.	T Value	df	Sig. (P Value)
Customer adoption	.342	.023	14.113	38	.000*

Analysis:

The test is carried out using a 95% confidence interval, and the t-test takes into account factors to find any significant difference that exists between "Risk" and "Customer adoption". In the end, a significant link is shown by the p value, which is less than 0.05 ($p < 0.05$). There is a substantial correlation between risk and consumer adoption, as indicated by all the data values, which also show that the alternative hypothesis is accepted and the farmed null hypothesis is rejected.

Hypothesis 10:

Ho: There is no significant relationship between management efficiency and value added services.

H1: There is significant relationship between management efficiency and value added services.

Table 14: Hypothesis 10- Correlation and t-test result

Value added Services	Correlation	Sig.	T Value	df	Sig. (P Value)
Sales and Marketing	.567	.000	16.436	38	.000*
External Financing Assistance	.457	.001	14.243	38	.001
Internal Financial Management	.624	.000	11.972	38	.002
R & D and Product Development	.512	.000	15.012	38	.000*
HR Management	.619	.000	13.781	38	.001
Operational Management	.576	.000	11.245	38	.002

Analysis:

The t-test, which has a 95% confidence interval, takes into account factors to determine whether there is a significant difference between "Management Efficiency" and "Value Added Services." In the end, a significant link is shown by the p value, which is less than 0.05 ($p < 0.05$). There is a substantial correlation between management effectiveness and value-added services, as indicated by all the data values, which also show that the alternative hypothesis is accepted and the farmed null hypothesis is rejected.

VIII. CONCLUSION AND SUGGESTIONS

Venture capitalists act as a middleman in the financial system, bridging the gap between entrepreneurs and ultimate investors. Not producing goods or services for profit is the ultimate aim; rather, it is to acquire funds to incentivize the end investor. The managerial ladder of the domestic venture does not functionally report to the venture capital company, even though the venture capitalists may promote one or more directors to the board. Surprisingly, venture capitalists very never make majority investments; instead, they often participate in associations as investors.

Because they also provide the venture with organizational, managerial, industrial, and even technological knowledge, venture capital companies function as much more than just pure financial middlemen. Moreover, compared to the average portfolio investor, they exercise far more widespread and comprehensive oversight over the invested firm (Gompers & Lerner, 2000). Investments in "opportunities" with high risk and potential for large returns are made by venture capital firms. Instead of being isolated resources or modes of production, these opportunities are made up of distinct businesses that together form a singular "bundle of resources" (Penrose, 1959).

The five common factors that venture investors in South India look at are: (1) Management factors: (A) the personality of the entrepreneur (B) the entrepreneur's expertise (2) the features of the product or service. There are 42 criteria in all, including (3) market features, (4) financial considerations, and (5) venture management team traits. The outcome indicates that finding more appealing contracts depends on management criteria and market features.

The entrepreneur's honesty and integrity are taken into consideration throughout the evaluation process, with a mean percentage of 78.2. This is followed by the technical report of the project, which has a mean percentage of 68.6, and the assessment and response to risk, which has a mean percentage of 67.2.

Preferred factors under this section include the entrepreneur's referred source (72.2%), leadership ability (67.0%), track record (63.4%), and target market performance (past and present). With a mean percentage of 75.8, 65.0, and 61.4, respectively, the factors that venture capitalists consider most when evaluating venture proposals are the product's or service's unique qualities, technical product demanded by texture customers, and commercial feasibility of the project to recoup their investments.

Young, enterprising businesses are a vital source of development and innovation. These high-tech companies have significant challenges in their early stages of commercial growth. Entrepreneurs frequently possess technological know-how but lack commercial expertise. In comparison to the capital requirements of an expanding business, they have very little of their own resources left over to cover start-up expenses. Owing to significant informational asymmetries, substantial technological and management risks, and other factors, obtaining outside risk capital from conventional sources of financing is challenging, if not impossible. Venture capitalists act as go-betweens for investors looking for business ventures and entrepreneurs in need of funding. They possess wealth, management expertise, and business acumen. Their management experience helps them better comprehend and address the incentive and informational issues that emerging enterprises face. They raise capital from different types of investors and put it into a fund that they use to buy stock in start-up companies. After a predetermined amount of time, usually five to seven years, the assets are liquidated and the investors receive their returns back, less a management charge.

Venture capitalists in India face several obstacles when trying to raise capital, including:

- Macroeconomic uncertainties related to currencies, inflation, and other factors;
- Limited track record of GPs and investing teams;
- Regulatory environment;
- Longer gestation period for investments;
- Alternative emerging market opportunities;
- Mismatch with LPs' exit preferences.

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