International Journal for Multidisciplinary Research (IJFMR)
E-ISSN: 2582-2160 ● Website: www.ijfmr.com ● Email: editor@ijfmr.com

A Study on Business Tycoon Perspective and Awareness on Venture Capital Financing

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Abstract

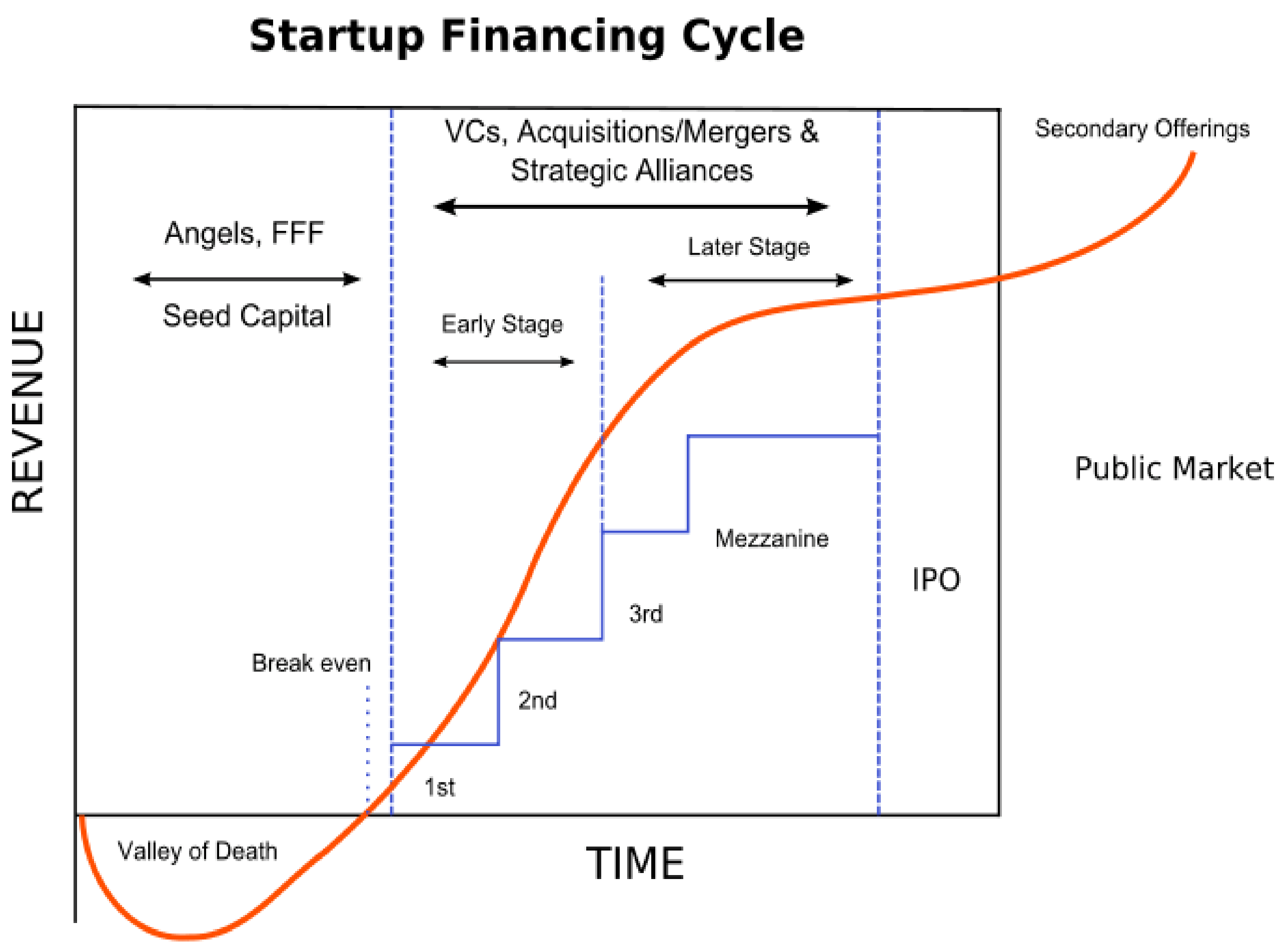
As off that Venture Capital is an enormous concept, Venture capital financing is a kind of endowment by venture capital. While this study will explore you the Business magnate perspective and awareness in choosing venture capital as a main stream for their investment and financing among various alternatives. Venture capital in all-inclusive wisdom is not entirely an insertion of finances into a new firm, it is in addition of a contribution of proficiency looked-for to set up the firm and intend its promotion tactic, systematize and administer it. The fundamental motive of this research seeks to scrutinize the venture capital financing by the Business Man. This exploration assists us to realize ideology and views of Business magnate with respect to venture capital financing.

Keywords: Venture capital, Venture capital financing, Business Tycoon, Awareness, Perspective

INTRODUCTION

Venture capital's considered the financing of high and new technology-based enterprises. It is said that Venture-capital involves investment in new or relatively untried technology, initiated by relatively new and professionally or technically qualified entrepreneurs with inadequate funds. The conventional financiers, unlike Venture capitals, mainly finance proven technologies and established markets. However, high technology need not be pre-requisite for venture-capital. Venture capital has also been described as "unsecured risk financing". The relatively high risk of venture capital's compensated by the possibility of high returns usually through substantial capital gains in the medium term. Venture-capital in the broader sense is not solely an injection of funds into a new firm, it is also an input of skills needed to set up the firm, design its marketing strategy, organize and manage it. Thus it is a long term association with successive stages of the company's development under high-risk investment conditions, with a distinctive type of financing appropriate to each stage of development. Investors join the entrepreneurs as co-partners and support the project with finance and business skills to exploit the market opportunities. Venture capital is not passive finance. It may be at any stage of the business/production cycle, that is, start-up, expansion or to improve a product or process, which are associated with both risk and reward. The Venture-capital makes higher capital gains through appreciation in the value of such investments when the new technology succeeds. Thus the primary return sought by the investor is essentially capital gain rather than steady interest income or dividend yield.In a venture capital deal, large ownership chunks of a company are created and sold to a few

investors through independent limited partnerships that are established by venture capital firms. Sometimes these partnerships consist of a pool of several similar enterprises.
Venture capitalists comprise of professionals of various fields. They provide funds (known as venture capital fund) to these firms after carefully scrutinizing the projects. Their main aim is to earn huge returns on their investments, but their concepts are totally different from the traditional moneylenders. They know very well that if they may suffer losses in some project, the others will compensate the same due to high returns. They take active participation in the management of the company as well as provide the expertise and qualities of a good banker, technologist planner and managers. Thus, the venture capitalist and the entrepreneur literally act as partners.



History of Venture capital:
One of the first steps towards a professionally – managed venture capital industry was the passage of the small business investment act of 1958. The 1958 act officially allowed the U.S. small business administration (SBA) to license private "small business investment companies" (SBICs) to help the financing and management of the small entrepreneurial businesses in the United States.
It is commonly noted that the first venture – backed startup is Fairchild Semiconductor (which produced the first commercially practical integrated circuit), funded in 1959 by what would later become venrock associates. It is commonly noted that the first venture – backed startup is Fairchild Semiconductor (which produced the first commercially practical integrated circuit), funded in 1959 by what would later become venrock associates. During the 1960s and 1970s, venture capital firms focused their investment

activity primarily on starting and expanding companies. More often than not, these companies were exploiting breakthroughs in electronic, medical, or data – processing technology. As a result, venture capital came to be almost synonymous with technology finance. The public successes of the venture capital industry in the 1970s and early 1980s (e.g., Digital Equipment Corporation, Apple Inc, Genentech) gave rise to a major proliferation of venture capital investment firms. The number of firms multiplied, and the capital managed by these firms increased ten folds over the course of the decade.

Growth in the venture capital industry remained limited throughout the 1980s and the first half of the 1990s. The late 1990s were a boom time for venture capital. Initial public offerings of stock for technology and other growth companies were in abundance, and venture firms were reaping large returns.

The NASDAQ crash and technology slump that started in March 2000 shook virtually the entire venture capital industry as valuations for startup technology companies collapsed. Over the next two years, many venture firms had been forced to write – off large proportions of their investments, and many funds were significantly "under water" (the values of the fund's investments were below the amount of capital invested). The revival of an internet – driven environment in 2004 through 2007 helped to revive the venture capital environment.

American Research and Development Corporation: formed in 1946, whose biggest success was digital equipment? The founder of ARD was General Georges Dariot, a French born military man who is considered "the father of venture capital". In the 1950s, he taught at the Harvard Business School. His lectures on the importance of risk capital were considered quirky by the rest of the faculty, who concentrated on conventional corporate management. Currently, venture capital environment is at all time high leading to emergence of all together new businesses. Innovations are sprouting at fast speed and VC investments are helping them for realizing full potential of entrepreneurs.

The Rockefeller family: L S Rockefeller, one of those earliest investments was in Eastern Airlines, which is now defunct but was one of the earliest commercial airlines. The Indian private Equity and venture capital association was established in 1993 and is based in New Delhi, the capital of India. IVCA is a member based national organization that represents venture capital and private equity firms, promotes the industry within India and throughout the world and encourages investment in high growth companies. It enables the development of venture capital and private equity industry in India and to support entrepreneurial activity and innovation. The IVCA also serves as a powerful platform for investment funds to interact with each other, in 2006, the total amount of private equity and venture capital in India reached US$ 7.5 billion across 299 deals.

IVCA members comprise venture capital firms, institutional investors, banks, business incubators, angel investor groups, financial advisers, accountants, lawyers, government bodies, academic institutions and other service providers to the venture capital and private equity firms in India. These firms provide capital for seed ventures; early stage companies, later stage expansion, and growth finance for management buy/ buy – outs of established companies. So far, the biggest member firm of IVCA is ICICI ventures which currently has a $750 million fund, and has $450 million under management.

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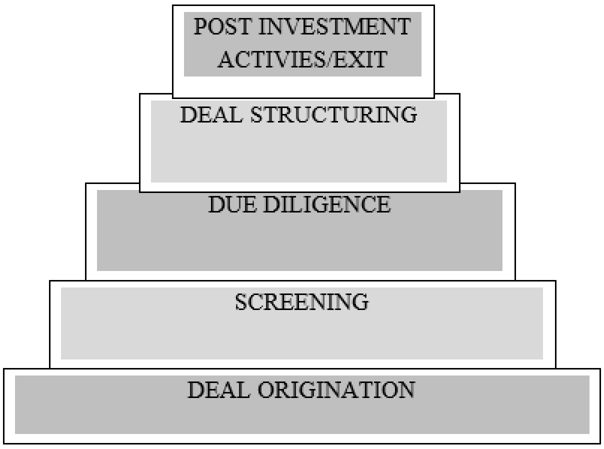
PROCESS OF VENTURE CAPITAL FINANCING



Review of Literature:

Viren Chavda (2014) , "An Overview Of Venture Capital Financing In India" concluded that there is an urgent need for encouragement of risk capital in India, as this would widen the industrial base of high tech industries and promote the growth of technology.

Haritha, Ravi and Reddy (2012), "Role of Venture Capital in Indian Economy" suggested that high performing manufacturers can build their market position by prioritizing investments in strategic initiatives that support and strengthen their core differentiation. Our framework identifies the innovative and distinctive capabilities that organizations must build to differentiate them from the competition: smart shop floor, market-driven innovation infrastructure, data based decision making and responsive relationships.

Source: A book on Venture Capital Funding the Dreams by Nagendra, Ramakrishna, Bharati, 2002.

If we look at entrepreneurs view point one needs to do thorough homework on the profile of funds before approaching venture capitalist. One must also identify projects in which venture capitalist has already invested. It is a matter of concern that entrepreneur must know what are the aspects venture capitalist is looking forward. Going to a venture capitalist is like taking a final exam. Entrepreneurs should be fully prepared. Entrepreneurs should look at the proposition of scaling the business from day one. If entrepreneur need to scale business from day one and require large money they should head for venture fund but if they need to structure idea into viable financial and marketing plan, than they should look for an angel to help. Expectations of Venture Capitalist from entrepreneurs- Passion, commitment, multifunctional team, vision, transparency, well researched business plan, energy to turn idea into business. All this is true but focus is more on entrepreneur whereas market product and returns are equally important. It is also not unusual for venture capital funds to set up an investment screen. The screen is a set of qualitative (sometimes quantitative criterion) criteria that helps venture capital funds companies to quickly decide on whether an investment opportunity warrants further diligence. Venture capitalist tries to maximize the upside potential of any project. He tries to structure his investment in such manner that he can get benefits of upside potential and he would like to exit at the time when he can get maximum returns on his investment in the project.

OBJECTIVES:

- ❖ To know the current scenario of venture capital finance in India.
- ❖ To comprehend sector-wise investment scenario of Venture Capital Funds.
- ❖ To notice the awareness of venture capital financing among business tycoon's
- ❖ To recognize the perspective of business man on venture capital.
- ❖ To identify with the legal framework formulated by SEBI to encourage venture capital activities in India.

Research Methodology:

Research Methodology is a way to systematically solve the research problem. In this step – by – step methods are followed to solve a exacting dilemma. It refers to a search for knowledge. It can also be defined as a scientific and systematic search for relevant information on a specific topic. The study is carried out around different sources of data regarding venture capital financing and its awareness and perspective among business tycoons.

VENTURE CAPITAL SCENARIO IN INDIA

Even in the face of global economic uncertainty, 2019 was the second-most active year globally for venture capital (VC) investments in dollar value. It was a milestone year for the Indian VC industry, too, with $10 billion in capital deployed, the highest ever and about 55% higher than 2018. Additionally, India witnessed a 30% increase in deal volume over 2018 as well as larger average deal sizes across all stages. Despite substantial capital deployment, dry powder availability for VC investing in India was at an all-time high of $7 billion at the end of 2019, indicating likely continued investment activity in 2020.

The Indian VC industry passed through three distinct phases over the past decade:

- ➢ Between 2011 and 2015, the industry experienced rapid activity growth (albeit off a small base) to support an evolving start-up environment. During this phase, multiple VCs entered and became active participants in India's economy for the first time.
- ➢ This initial, almost euphoric, phase was then followed by moderation between 2015 and 2017. The lack of clarity regarding exits made investors more cautious, and that shifted the focus to fewer and higher-quality investments.
- ➢ Over the past two years, however, the VC industry in India has been in a renewed growth phase, buoyed by marquee exits for investors, such as Flip kart, MakeMyTrip and Oyo; strong start-up activity in new sectors, such as fintech and software as a service (SaaS); and market depth in e-commerce. About 80% of VC investments in 2019 were concentrated in four sectors: consumer tech, software/SaaS, fintech, and business-to-business commerce and tech.

  Consumer tech continues to be the largest sector, accounting for approximately 35% of total investments, with several scale deals exceeding $150 million. Within consumer tech, verticalized e-commerce companies continued to be the largest sub segment, but in addition, there were increased investments in healthcare tech, food tech and education tech. Both SaaS and fintech attracted significant investor interest and activity throughout 2019, with several early-stages and increasingly late-stage deals. The start-up ecosystem in India remains robust and is rapidly growing. Between 2012 and 2019, the number of start-ups in India increased by 17% each year, while funded start-ups' compound annual growth rate increased faster at 19% during the same period. Currently, of almost

80,000 start-ups in India, only about 8% are funded, indicating room for investments. India's unicorn tribe also continues to grow, with several firms in e-commerce, SaaS and fintech leading the way.
While India-focused VC funds raised approximately $2.1 billion in 2019, which was slightly lower than 2018, the fund-raising outlook for 2020 is largely positive among both limited partners and general partners. The dip from 2018 to 2019 was the result of marquee funds that had already raised large sums and hence did not go to the market in 2019. Several new funds also invested in India during 2019. Notable among them are Tanglin, founded by former Tiger Global executives; A91 Partners, founded by former Sequoia partners; Arali Ventures, an early-stage-focused fund; Samsung Ventures, launched by Samsung Corporate Venture Capital; and ITI, an early-stage VC fund by Investment Trust of India. Meanwhile, the Indian government introduced several regulatory programs to boost the Indian start-up ecosystem. Flagship programs such as Startup India, Digital India and the Alternative Investment Policy Advisory Committee continue to improve the economic landscape for start-ups and investors. India's ranking on the World Bank's "ease of doing business" index also increased significantly from 130 in 2016 to 63 in 2019, improving investor confidence in the regulatory ecosystem. India's start-up and VC ecosystems continue to thrive as investors take a long-term view based on the country's growth potential.They see the current slowdown as more cyclical than structural. We go into 2020 with record-high levels of dry powder, counterbalanced with caution and an underlying optimism in the long-term potential for the ecosystem.

GROWTH OF VENTURE CAPITAL IN INDIA

The development of the organized venture capital industry in India, as is in existence today, wasSlow and be labored, circumscribed by resource constraints resulting from the overall framework of the socialistic economic paradigms.Although funding for new businesses was available from banks and government- owned development financial institutions, it was provided as a collateral-based money on project-financing basis, which made it difficult for the most new entrepreneurs, especially those who were technology and services based, to raise money for their ideas and businesses. Most entrepreneurs had to rely on their own financial resources, and those of their families and well-wishers or private financiers to realize their entrepreneurial dreams.
In 1972, a committee on Development of Small and Medium Enterprises highlighted the need to foster venture capital as a source of funding new entrepreneurs and technology. This resulted in a few incremental steps being taken over the next decade-and-a-half to facilitate venture capital funds into needy technologically oriented small and medium Enterprises (SMEs), namely:

National financial institutions like:

1. Industrial Finance Corporation of India Ltd (IFCI-1948) provides medium and long term finance to industries. Risk Capital Foundation, sponsored by IFCI, was set-up in 1975 to pro-mote and support new technologies and businesses.
2. Industrial Credit and Investment Corporation of India Ltd (ICICI-1955) the primary objective is to meet the foreign exchange requirements of industrial concerns and for promoting medium and large industries in the private sector. Program for Advancement of Commercial Technology (PACT) Scheme was introduced by ICICI in 1985 in 1988; ICICI emerged as a venture capital provider with Unit Trust of India. As now, there are a number of venture capital institutions in India. Financial banks like ICICI have stepped in to this and have their own venture capital subsidiaries.

3. Industrial Development Bank of India (IDBI-1964) coordinates the activities of other financial institutions, supplements their resources to plan and promote the medium and the large industries, the Seed Capital Scheme and the National Equity Scheme was set up by IDBI in 1976. The idea of venture capital gained momentum in the budget of 1986-87. A 5% cess was levied on all know-how imports to create the corpus of the venture fund floated by IDBI in 1987. Later, a study was undertaken by the World Bank to examine the possibility of developing venture capital in the private sector, based on which the Government of India took a policy initiative and announced guidelines for venture capital funds (VCFs) in India in 1988.
4. Industrial Reconstruction Bank of India (IRBI-1985) functions both as a lending and reconstruction agency and provides finance in term loans, in the form of term loans underwriting guarantees etc.
5. Small Industries Development Bank of India (SIDBI-1990) for developing and financing small scale industries.

Specialized institutions like:

1. Risk Capital and Technology Finance Corporation Ltd (RCTC-1988) Provides risk capital and technology finance for the project envisaging promotion, transfer and adaption of new technologies.
2. Technology Development and Information Company of India Ltd (TDICI-1988) the TDICI was set up jointly with the ICICI and UTI to provide assistance in the form of project loan etc, to small and medium industries conceived by technocrat entrepreneurs.
3. Tourism Finance Corporation of India Ltd (TFCI-1989) Provides assistance in the form of rupee loans, underwriting securities, equipment leasing for developing tourism industry including holiday report, hotels, amusement parks and entertainment complex.

State level financial institutions like

1. State Finance Corporation (SFCs-1951) provides assistance to medium and small scale industries in their respective states.
2. State Industrial Development Corporations (SIDCs) provide assistance in the form of term loans, underwriting securities and direct subscription. Some of them engage in preparation of feasibility reports, conducting surveys, and in developing industrial estates.

The financial investment process has evolved a lot with time in India. Earlier there were only commercial banks and some financial institution but now with venture capital investment institution in India has grown a lot. Business forms now focus on expansion because they can get financial support with venture capital.

The scale and quality of the business enterprises have increased in India now with international competition, there have been a number of growth Oriented business firms that have invested in venture capital.

The venture capital finance in India can be categorized in to following three groups

Venture capital promoted by

Central government State government Private sector companies

Central government:

The power and authority is vested in the hands of government of India, some of the examples of venture capital finance promoted by the Central Government controlled development finance institutions are as follows SIDBI Venture Capital Limited (SVCL) IFCI Venture Capital Funds Limited (IVCF).

State Government:

The power and authority is vested in the hands of state government, some of the examples of venture capital finance promoted by the State Government controlled development finance institutions are as follows Gujarat Venture Finance Limited (GVFL), Kerala Venture Capital Fund Pvt Ltd, Punjab InfoTech Venture Fund, Hyderabad Information Technology Venture Enterprises Limited (HITVEL).

Private sector companies:

The power and authority is vested in the hands of private sector companies, some of the examples of venture capital finance promoted by the private sector controlled are as follows IL&FS Trust Company Limited and Infinity Venture India Fund.

THE POST – COVID VENTURE CAPITAL INVESTMENT SCENARIO IN INDIA

COVID-19 is having an adverse effect on private equity and venture capital investments in India. As per industry reports and experts' views, PE and VC investments in India may decline up to 60% in 2020 due to the pandemic. In 2019, PE and VC investment activities reached a record high at US $48 billion in India. However, EY has projected PE and VC investment at US $19-26 billion in 2020, which shows a decline of 45-60% compared to 2019.

Sectors in prominence

Nevertheless, every crisis throws up some opportunities, and the sectors listed below have shot in prominence with PE and VC investors looking to invest in companies in these sectors.

- Technology, including education technology, online gaming and select e-commerce;
- Consumer goods, including packaged essentials and personal products;
- Ready foods processing;
- Pharmaceutical, including diagnostic, medical supply, biotech and services;
- Agricultural products and services; and
- Specialty chemicals.

Indian education start-ups have already raised 96% of the amount they raised in 2019. Reliance Jio, the mega telecom and technology conglomerate owned by billionaire, Mukesh Ambani, has raised over US $20 billion from marquee PE and strategic investors in the middle of the lockdown, showing that money never sleeps.

Emerging trends

According to a press release dated July 14, 2020 of the National Venture Capital Association (NVCA) of the US, both, VC fundraising and investment activity have slowed down considerably in the US due to the pandemic. Moreover, exit activity of VCs has also been the lowest since 2011.

The result is that investors have started demanding deal terms designed to limit their risk. Rachel Proffitt, a partner at the US law firm, Cooley, commented in a Pitch Book article that, "some venture capitalists have sought to further protect their investments by securing veto powers for the board members, strengthening operational controls, and in rare cases instituting pay-to-play incentives to prod other investors to participate in current or future funding rounds."Similarly, in India too, VC and PE investors are seeking provisions to protect their investments. Investors are giving more attention to:

- anti-dilution,
- liquidation preference, and
- dividend rights clauses

In addition, they are also imposing

Pool of capital, raised in the specified manner and invested in VCUs in accordance with the tighter restrictions on the use of funds, Overall the emphasis is on profitability than on unbridled growth with a high cash burn.

The growth of the VC industry in India has followed a sequence of distinct phases:

- **Pre 1986:** The venture capital industry was in its infancy and adoption of the asset class was done by the central government and government – sponsored institutions only.
- **1986 – 1995:** There were a few activities happening within the venture capital space, but it was still restricted to government – sponsored institutions.
- **1995 – 1999:** private venture capitalists from India and abroad started taking interest in the Indian entrepreneurial ecosystem, mainly as a result of successful Indian entrepreneurs in Silicon Valley. In 1993, the Indian venture Capital Association (IVCA) was established which led to the formalization of the Indian VC community. In 1999, around 80% of total venture capital investments were derived from overseas firms, with 21 VC firms registered and 8 of them from the public sector.
- **2000 – 2010 (Nascent Stage):** VC funds started testing Indian waters with economic liberalization showing some early positive results and Indian firms becoming more successful in Silicon Valley.
- **2011 – 2014 (scale-up):** This phase saw aggressive VC competition due to an increasing number of deals. Limited partnership view on India's macro – economic fundamentals was strong.
- **2016 onward (growth):** VCs focused on effecting select deals. As early VC entrants such as sequoia, SAIF, and Accel evolved, they started focusing on larger deals and this trend is reflected in the broader market.
- **2019** was a milestone year for the Indian VC industry, with $10 billion in venture capital deployed. This was the highest-ever VC investment in India to date and about 55% higher than in 2018.
-

Financing Stage	Period (funds locked in year)	Risk perception	Activity to be financed
Early stage finance	7 – 10	Extreme	For supporting a concept or idea or R & D for product development

Startup	5 – 9	Very high	Initializing operations or developing prototypes
First stage	3 – 7	High	Start commercial production and marketing
Second stage	3 – 5	Sufficiently high	Expand market and growing working capital need
Later stage finance	1 – 3	Medium	Market expansion, acquisition and product development for profit making company
Buy out-in	1 – 3	Medium	Acquisition financing
Turnaround	1 – 3	Medium to high	Turning around a sick company
Mezzanine	1 – 3	Low	Facilitating public issue

SWOT Analysis OF VENTURE CAPITAL FINANCING

Strengths

- Co-founders and leadership team members are very skilled and bring a vast amount of prior individual experience to the venture.
- very successful rounds of initial funding for the venture
- Highland Capital has invested in a Leap Motion Developer Fund which is very encouraging and indicates a great deal of confidence from a major stake holder in this venture. To accelerate the development of these revolutionary experiences, Highland Capital Partners has formed the Leap Fund™, a $25 million investment initiative focused on building game-changing companies to solve human scale problems.

Weaknesses

- Limited information on website regarding investment specifics to potential venture capitalist.
- Potential users have to search for video documentation on controller setup. Company website provides set up tutorial for VR and Leap controller specific to the developer community.

Opportunities

- Accessible technology too many people due to the product size and cost factor. Users can purchase a compact *controller* only slightly larger than an USB flash drive for $79.99, and then download *Leap's* software.
- Thousands of designers and developers are already producing amazing applications with Leap Motion. Highland Capital Partners wants to support those efforts and help bring new ideas to life.
- The *Leap Motion Controller* is the beginning, but there's a lot more on the way. We're already working to advance motion and gesture control *technology* to other devices. Leap Motion Inc. has signed a deal to embed Leap Motion Technology into HP devices.

Threats

- Threat of substitutes is low/moderate as automatic gesture recognition and sensing have no technological alternative except manual recognition.
- Threat from inter-segment rivalry is high due to competition among numerous brands in the market.

MAJOR VENTURE CAPITAL FIRMS IN INDIA

1) **ACCEL PARTNERS**
2) **SEQUOIA CAPITAL**
3) **NEXUS VENTURE PARTNERS**
4) **KALAARI CAPITAL**
5) **BLUME VENTURES**
6) **CHIRATAE VENTURES**
7) **VENTURE EAST**
8) **SAIF PARTNERS**
9) **MATRIX PARTNERS**
10) **3one4 CAPITAL**

Seed/Angel	Venture Capital	Private Equity
Stage of Business	Founding, startup, pre-revenue	Early stage, pre-profitability
Size of Investment ($)	$10,000's to a few million	A few million to tens of millions
Type of Investment	Equity, SAFE	Equity, convertible debt
Investment Team	Entrepreneurs/past founders	Mix of entrepreneurs and bankers/finance
Level of Risk	Extreme risk, high chance of losing all money	High risk, moderate chance of losing all money
Return Profile	>100x return targets	>10x return targets
Industry Focus	Varies firm to firm	Varies firm to firm
Investment Screening	Founders, TAM, market share potential, virality, # users, etc.	Founders, market share potential, revenue, margins, growth rate
Examples	Paul Buchheit / Y Combinator, Angel List, Techstars, Jeff Clavier	Andreessen Horowitz, Sequoia Capital, Vantage Point, Highland

Data Analysis and Interpretation:

Total venture capital investment in India from 2012 to 2020 (in billion U.S. dollars)

Venture capital investment stands for a sub-set of private equity wherein venture capitalists invest in startups for the expansion of the business. These capitalists also provide network access, technical and managerial expertise, and other support services for the enhancement of business startups. Venture capitalists are given the ownership stake in exchange for capital investments and become an essential part of the company's decision-making process. Venture capital investment facilitates financial stability, along with reducing the liquidation risks of the startup businesses. The growing number of startups, along with increasing investments from mutual funds and the banking sector in venture capital, are primarily propelling the venture capital investment market growth.

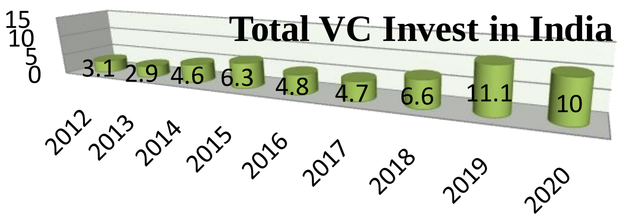
Table showing total VC investment in India

Year	Value in billion U.S. dollars
2012	3.1
2013	2.9
2014	4.6
2015	6.3
2016	4.8
2017	4.7
2018	6.6
2019	11.1
2020	10

Sources: Bain VC deals database; Venture Intelligence; AVCJ; VCCEdge; Bain analysis

Analysis: This table shows that during the Covid – 19 pandemic the investment trend seemed to continue in a higher value as ever. From 2012 to 2020 there are many upward and downward trends in venture capital investment process. Analyzing from the year 2012 to 2020 there was a least investment in the year 2013 i.e., 2.9 billion U.S. dollars, highest investment was in the year 2019 i.e., 11.1 billion U.S. dollars. In 2020 there was a slight decrease compared to 2019.

INTERPRETATION:



	2012	2013	2014	2015	2016	2017	2018	2019	2020
Series 1	3.1	2.9	4.6	6.3	4.8	4.7	6.6	11.1	10

By analyzing the above graph shows that in 2020, Indian companies attracted around ten billion U.S. dollars in venture capital investments. This was a slight decrease compared to the record-breaking year 2019. As the number of deals increased, it is still the second highest value of VC-investments in the country. As the value of VC investments is still on a high level despite the implications of the corona virus (COVID-19) pandemic, the investment trend seemed to continue. It was driven by large deals as well as by emerging sectors like Fintech and software as a service (SaaS).

Number of Venture Capital deals in India.

In a venture capital deal, large ownership chunks of a company are created and sold to a few investors through independent limited partnerships that are established by venture capital firms. Sometimes these partnerships consist of a pool of several similar enterprises.

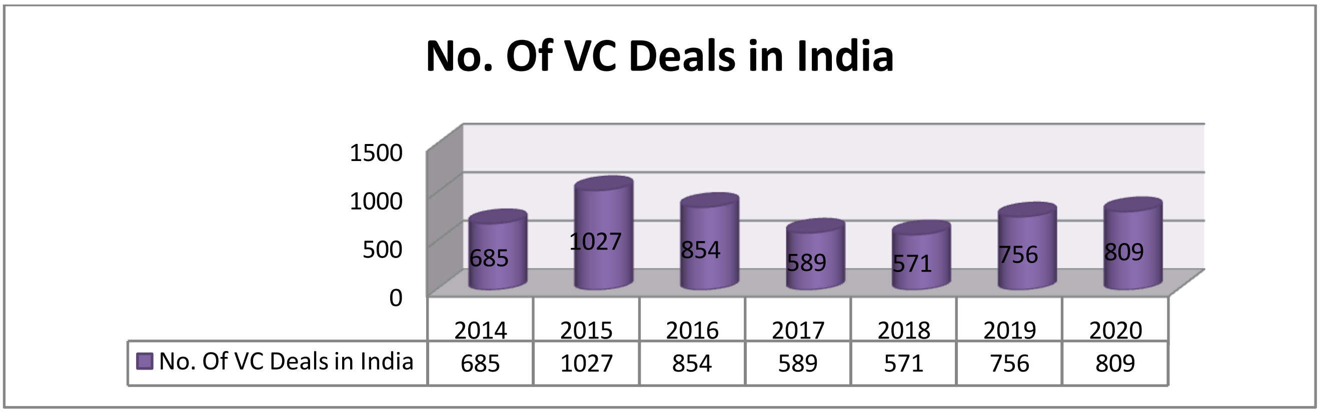
Table showing Venture Capital deals in India

2014	2015	2016	2017	2018	2019	2020
685	1027	854	589	571	756	809

Source: Venture intelligence: India private equity trend report

Analysis:

Above table indicates that in 2020, investors maintained a diversified approach despite facing many challenges due to the pandemic, Indian startups continued to battle hard with resilience empathy. Indian startups raised 809 deals from around 1,476 active investors in the ecosystem. There is a significant growth in number of mall value deals in 2020. There is a decline in deal value in the between 2017 and 2018 compared to rest of the year.



INTERPRETATION:

By analyzing the above graph it shows that VC deals continue to be positive. Deal activity in 2020 shows that it has not changed the long – term view on the investment activity. Outlook for VC investments looks strong and going forward with investment activity recovering to pre – covid levels in the year 2020. Comparatively VC deals decline after 2015, despite there was a fluctuation in VC deals from the year 2016 – 2019. 2020 gave back the hit in VC deals though there was a pandemic.

Venture capital deal volumes have shown continuous increase, while average deal size declined

Since 2017, the dry powder with VCs in India has remained at $6 billion or above except in 2019 when it dropped marginally to $5.5 billion. In 2020, VCs were left with a $6-billion reserve, according to India

Venture Capital Report 2021 by Bain & Company and IVCA. On the other hand, while the deal volume for VC investments in Indian startups increased to 809 in 2020 from 756 in 2019, the deal amount saw a slight decline to $10 billion from $11.1 billion in 2019. This meant that while the average deal size contracted due to Covid in 2020 to $12.4 million from $14.7 million in 2019, the deal-making momentum accelerated.

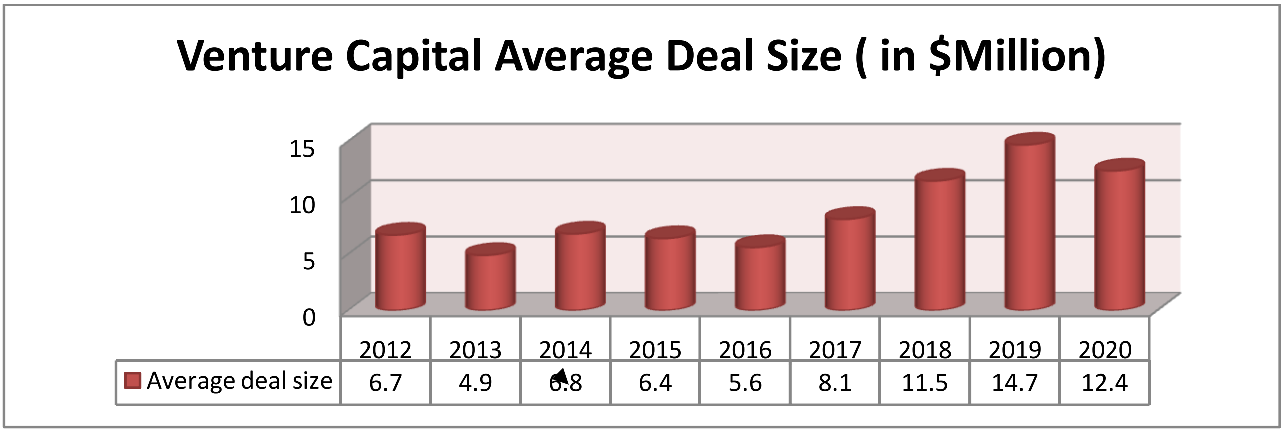
Table showing VC's Average deal size (in $M)

Year	Average deal size (in $M)
2012	6.7
2013	4.9
2014	6.8
2015	6.4
2016	5.6
2017	8.1
2018	11.5
2019	14.7
2020	12.4

Source: IVCA, and TSJ Media 2012 - 2020

Analysis:

This table shows that venture capital average deal size from the year 2012 to 2020. By analyzing nine years data of VC's average deal, came to know that much fluctuation in deal size. Since from last three years i.e., from 2018 to 2020 there is an increasing trend in deal size when compare to rest of the years. 2019 came out of best, where as 14.7 million dollars of average deal size took place. In 2020 the deal amount saw a slight decline to $12.4million from $14.7 million.



INTERPRETATION:

By analyzing the above chart shows that from 2012 to 2015 it is in growth stage, VC focus on doing more deals and building initial portfolio. In 2016 and 2017 it was in maturing and moderation stage where VC focuses on fewer investment but high quality. Renewed optimism in the year 2018 and 2019 where Marquee exits renew investor confidence. In 2020 due to covid impact smaller deals, but accelerated momentum.

Most top funds' portfolios did not reach maturity in 2020; Average holding period and portfolio age of top VC funds

India-focused venture capital funds raised $3 billion in 2020, the highest in the last five years and around 40% more than in 2019, a report by Bain & Co. showed.Marquee investors, including Sequoia Capital, Elevation Capital, Falcon Edge and Light speed Venture Partners closed funds for India investments last year, with Sequoia itself accounting for about 40% of the quantum raised, the' India Venture Capital Report 2021 showed.

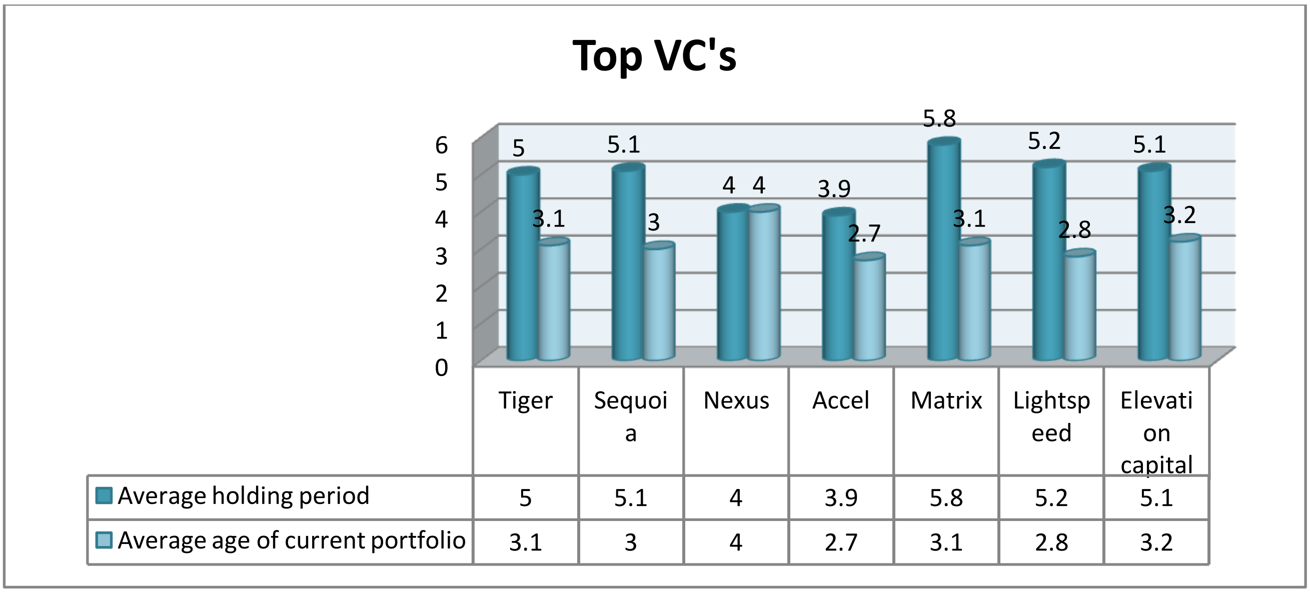
Table showing Average holding period and portfolio age of top VC funds (in 2020)

Top VC	Average holding period	Average age of current portfolio
Tiger	5.0	3.1
Sequoia	5.1	3.0
Nexus	4.0	4.0
Accel	3.9	2.7
Matrix	5.8	3.1
Lightspeed	5.2	2.8
Elevation capital (SAIF)	5.1	3.2

Source: Pitch Book, NVCA Venture Monitor

Analysis:

The above table shows that average holding period and average age of current portfolio of top VC's. Matrix having highest average holding period of 5.8 compared to other top VC's, Nexus completed its average age of current portfolio.



INTERPRETATION:

By analysing the above chart shows that Average calculated using simple average exit portfolio based on select major deals. Top VC's are most active in terms of deal volume/value over the last 5 years. "2021 will mark the dawn of the IPO era for our ecosystem, providing more exits, as growth accelerates across segments and an increasing number of companies start to hit scale. This trend will accelerate significantly as the ecosystem matures and some of the large companies move towards profitability".

Number of venture capital investments deals across India in 2020 by sector wise

The year gone by continued to be a record-breaking one for Indian startups, even as it became a story of two parts. In the first half of the year, startups raised nearly $4 billion in venture capital, across sectors and from a relatively diverse set of investors. Post-September, however, the narrative shifted almost overnight, with the meltdown in We Work's proposed initial public offering (IPO) and other tech listings, such as Uber and Lyft, performing poorly. *Mint* takes a look at the defining venture capital trends through the year.

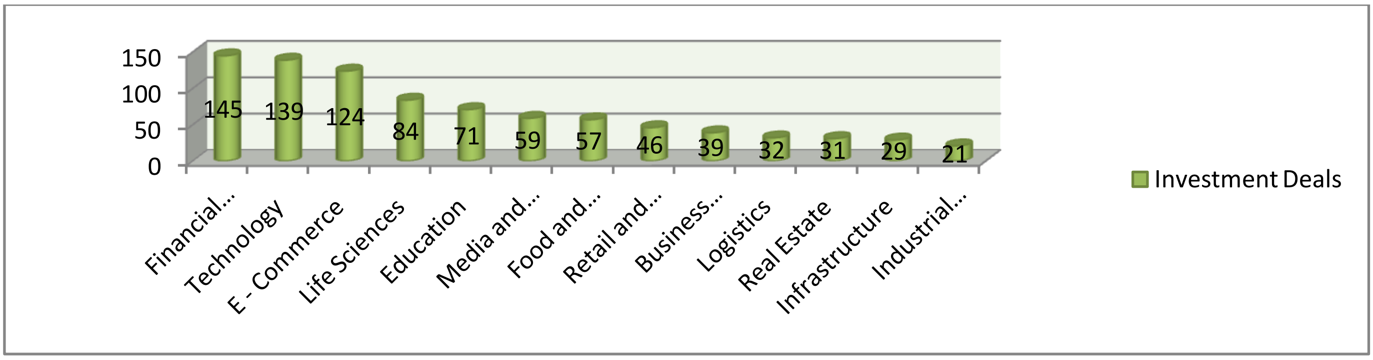
Table showing No. of VC investments deal in 2020 sector wise

Industrial sector	Investment deals
Financial services	145
Technology	139
E – Commerce	124
Life sciences	84
Education	71
Media and entertainment	59
Food and agriculture	57
Retail and consumer	46
Business services	39
Logistics	32
Real estate	31
Infrastructure	29
Industrial products	21

Source: Pitch Book, NVCA Venture Monitor

Analysis:

By analyzing the above table it shows that financial service sector received highest investment deal i.e., 145 when compared to other service sector. Technology and E – commerce sectors also received more deals. Industrial products sector received least deal in the year 2020. The three service sector received highest deal in the year 2020.



INTERPRETATION:

By analyzing the above chart shows that in a continuation from 2014, the renowned home grown E-Commerce subsectors Flipkart and Snap deal captured a total of $1.45 billion between them, followed by taxi aggregator Ola Cabs that procured $900 million. Flipkart collected $700 million at a reported $15.2 billion valuation in a round that witnessed participation from existing investors Tiger Global and Stead view Capital and taking the total funding raised by the company to $3.2 billion. In 2020 financial service sector grow higher when compare to other sector.

Global venture financing in business/productivity software

Venture financing is provided by venture capital firms or funds to startups, early-stage and emerging companies that have been deemed to have high growth potential or which have demonstrated high growth. VC firms or funds invest in these early – stage companies in exchange for equity, or ownership stake.

Table showing global venture financing in business/productivity software

year	Deal value	Deal count
2012	$4.4	1117
2013	$6.1	1502
2014	$10.7	1928
2015	$11.6	2194
2016	$12.1	2217
2017	$14.3	2524
2018	$25.2	3155
2019	$27.6	3409
2020	$6.0	612

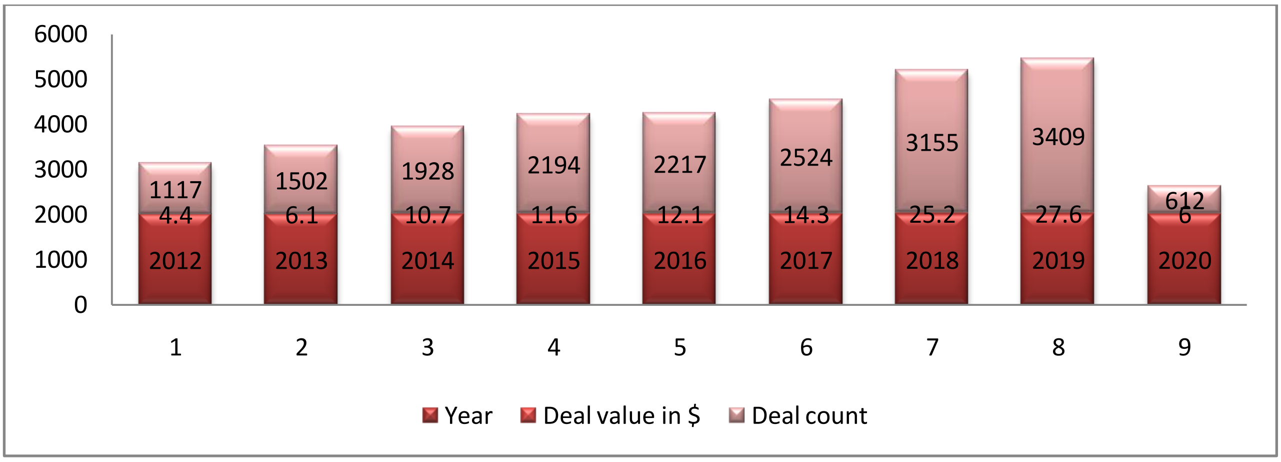
Source: Pitch Book-NVCA Venture Monitor

Analysis:

By analyzing the above table it shows that business/productivity software took very less global financing in the year 2012. Their after the trend get tremendous increase in its deal value and deal count, but during 2018 – 2019 it was given uppermost hit, in 2020 due to pandemic business/productivity software global financing trend get decline gradually.

International Journal for Multidisciplinary Research (IJFMR)

E-ISSN: 2582-2160 ● Website: www.ijfmr.com ● Email: editor@ijfmr.com



INTERPRETATION:

More directly relevant than ever before, business and productivity software enjoyed a peak in venture activity in the year 2019, as well as a massive near-$30 billion in dollars invested. Granted, although this space is broad-ranging, as multiple corporations worldwide put their remote tools to the test in the largest remote working experiment ever unintentionally devised, startups and existing businesses such as Slack are looking to see how they can seize a rare and hopefully never-to-be-repeated opportunity to gain market share and prove the true value of their offerings.

1. Highest Venture Capital Investment in 2020

To understand the scenario of venture capital investments in India, let's analyze the highest venture capital investment .Just three sectors took home 75% of venture capital funding in2020. While the overall number of deals fell 40% average size of deals increased across all segments, implying a maturing ecosystem. These sectors have evolved from few upstarts in the 2020s to a multi – billion dollar industry today.

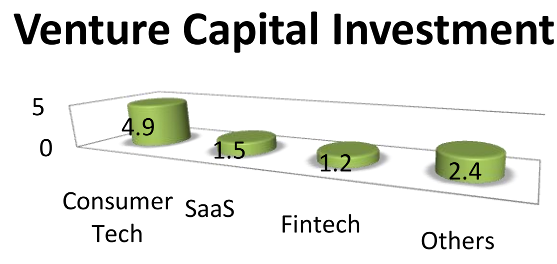
Table showing on highest venture capital funding in 2020 ($in billions)

SECTORS	FUNDINGS($in billions)
Consumer Tech	4.9
SaaS	1.5
Fintech	1.2
Others	2.4

Source: Prequin Venture Capital Report

Analysis:

This table shows the highest venture capital funding in 2020. Both consumer tech and SaaS firms saw total investment rise on the back of bigger deal sizes. Fintech, on the other hand, saw fewer deals over the year earlier. The three sectors outperformed even as India's overall venture capital investments fell amid uncertainties due to the Covid – 19 pandemic. Consumer Tech took 3, 55,80,90,90,000.0 (RS) funding. SaaS took 1, 08,90,15,00, 000.00 (RS) funding. Fintech takeover 87,12,12,00,000.00 (RS) funding. Whereas others took 1, 74,23,44,80,000.00 (RS).



	Consumer Tech	SaaS	Fintech	Others
Venture Capital Investment in 2020	4.9	1.5	1.2	2.4

INTERPRETATION:

By analyzing the above chart it clearly shows that during the Covid – 19 pandemic Consumer technology and, software as a service fintech were the red hot sectors in India's startup ecosystem cornering almost three-fourths of venture capital funding of the $10 billion invested by venture capital and private equity in 2020, $7.6 billion was directed towards deals in these three sectors. In 2020, Just Three Sectors Took Home 75% of Venture Capital Funding.

2. TOP START-UPs THAT RECEIVED MORE THAN $100M FUNDING IN 2020

Now we look at the different industry that received more than $100M investments of SEBI registered venture capital funds.

Asset	Key Investors	Stage of Funding	Industry	Subsector	Month (2020)	Deal Value (in $M)
Byju's	Tiger Global, Alkeon, Blackrock, General Atlantic, Bond Capital, Silver Lake, Sands Capital, Owl Ventures	Late	Consumer tech	Edtech	Jan, July, and Sep	~720
Zomato	Fidelity, Kora Management, Luxor Capital, Mirae Asset, Tiger Global, Steadview, Temasek,D1 Capital	Late	Consumer tech	Foodtech	Dec	~660
First Cry	Softbank	Late	Consumer tech	Verticalised e-commerce	Feb	~300
Un	Softbank, Nexus,	Late	Consumer	Edtech	Feb, Sep,	~260

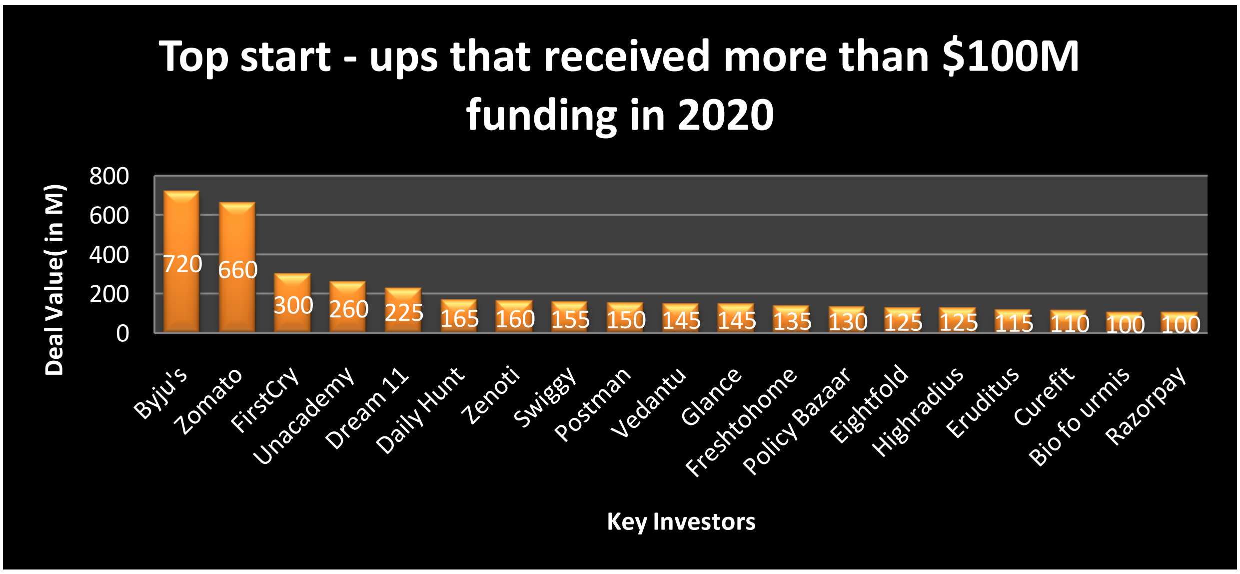
academy	Sequoia, General Atlantic		tech		Nov	
Dream 11	Tiger Global, TPG, Chrys Capital, Footpath Ventures	Late	Consumer tech	Gaming	Sep	~225
Daily Hunt	Google, Microsoft, Faicon Edge, Sofina Group	Late	Consumer tech	Media & entertainment	Apr and Dec	~165
Zenoti	Advent International, Tiger Global, Steadview Capital	Late	Enterprise software (SaaS)	Vertical – specific business software	Dec	~160
Swiggy	Samsung Ventures, Korea Investment Partners, Naspers, Tencent	Late	Consumer tech	Foodtech	Apr and Feb	~155
Postman	Charles River, Insight, Nexus	Late	Enterprise software (SaaS)	Horizontal infra software	Jun	~150
Vedantu	GGV Capital, Coatue Management, West Bridge, Omidyar Network, Tiger Global	Late	Consumer tech	Editech	Feb and Jul	~145
Glance	Google, Mithril Capital	Late	Consumer tech	Media & entertainment	Dec	~145
Fresh To Home	Iron pillar, Investment Corporation of Dubai	Late	Consumer tech	Foodtech	Jul and Oct	~135
Policy Bazaar	Softbank	Late	Fintech	Insurtech	Jul	~130
Eightfold	Capital one growth ventures, General Catalyst, light speed	Late	Enterprise software (SaaS)	Horizontal business software	Nov	~125
High radius	Citi ventures, ICONIQ Capital, Susquehanna growth equity	Late	Enterprise software (SaaS)	Horizontal business software	Jan	~125

Erudituss	Sequoia, prosus ventures, chan Zuckerberg initiative, ved capital, Leeds illuminate	Late	Consumer tech	Editech	Aug	~115
Cure Fit	Temasek, Accel, Eqip capital fund, Satyadhama investments, Ascent, PraTithi, Chiratae	Late	Shipping & logistics	Health tech	Mar	~110
Bio fourmis	Sequoia, Softbank, Mass Mutual, Open space	Late	Consumer tech	Health tech	Sep	~100
Razorpay	Tiger global, sequoia, Matrix, Ribbit capital, Y Combinator	Late	Fintech	Payments	Oct	~100

Sources: Bain VC deals database; Venture Intelligence; AVCJ; VCCEdge; Bain analysis

Analysis:

This table shows the top start-up's that received more than $100M funding in 2020. Byju's from Consumer tech Industry received 720 million deal value in 2020 even though it's a pandemic situation. Other industries like Fintech, Enterprise software (SaaS) and Shipping and logistics are also received more than $100M funding.



INTERPRETATION:

By analyzing the above graph it clearly shows that during the Covid – 19 pandemic Consumer technology and software as a service fintech were the red hot sectors in India's startup ecosystem cornering almost more than $100 million of venture capital funding. Edtech saw multiple high-valued deals such as Byju's, Unacademy, Eruditus, and Vedantu. Zomato's $660 million deal drove up average deal size in foodtech as compared to 2019, while large investments into Dream11 and MPL led to the surge seen in gaming.

TOTAL VENTURE CAPITAL DEAL VALUE PER INVESTOR IN 2020 ($M)

Top 10 investors participated in 20% of the VC deals in 2020, tiger global leads in deal value and sequoia leads in deal volume.

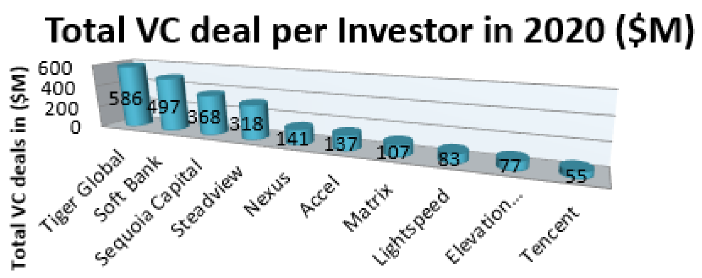
Table showing VC deal value per investor in 2020($M)

Investors	Total VC deal in 2020($M)
Tiger global	**586**
Softbank	**497**
Sequoia capital	**368**
Steadview	**318**
Nexus	**141**
Accel	**137**
Matrix	**107**
Lightspeed	**83**
Elevation capital (SAIF)	**77**
Tencent	**55**

Source: Pitch Book, NVCA Venture Monitor

Analysis:

This table shows that deal is counted only once as a top VC deal, even if multiple top VCs participated in the same deal. Tiger global typically participates in growth/late stage rounds – they participated in 7 deals with deal value $100M. Tiger global leads in deal value, Tencent declines when compare to other investor deal in 2020.



	Tiger Global	Soft Bank	Sequoia Capital	Steadview	Nexus	Accel	Matrix	Lightspeed	Elevation Capital (SAIF)	Tencent
VC deal per Investor	586	497	368	318	141	137	107	83	77	55

INTERPRETATION:

By analyzing the above graph it clearly shows that the high level of fundraising was also fuelled by two major funds closed by Sequoia Capital: India Venture Fund VII ($525 million) and India Growth Fund III ($825 million), accounting for 40% of all funds raised in 2020 for India-focused VC investments. Sequoia Capital also invested in the highest number of start-ups in 2020, whereas Tiger Global was the most prominent investor in terms of deal value, participating in several deals of more than $100 million each.

VENTURE CAPITAL INVESTMENTS IN DIFFERENT SECTORS

Venture capital seeks to generate big returns on small initial investments and mostly in sectors with low capital requirements, such as in ict or life sciences. Sectors with typically higher capital requirements such as real estate and mining attract a comparatively smaller amount of venture capital investments**.**

VC Investments in Pharmaceutical Companies (2017 - 2020 YTD)

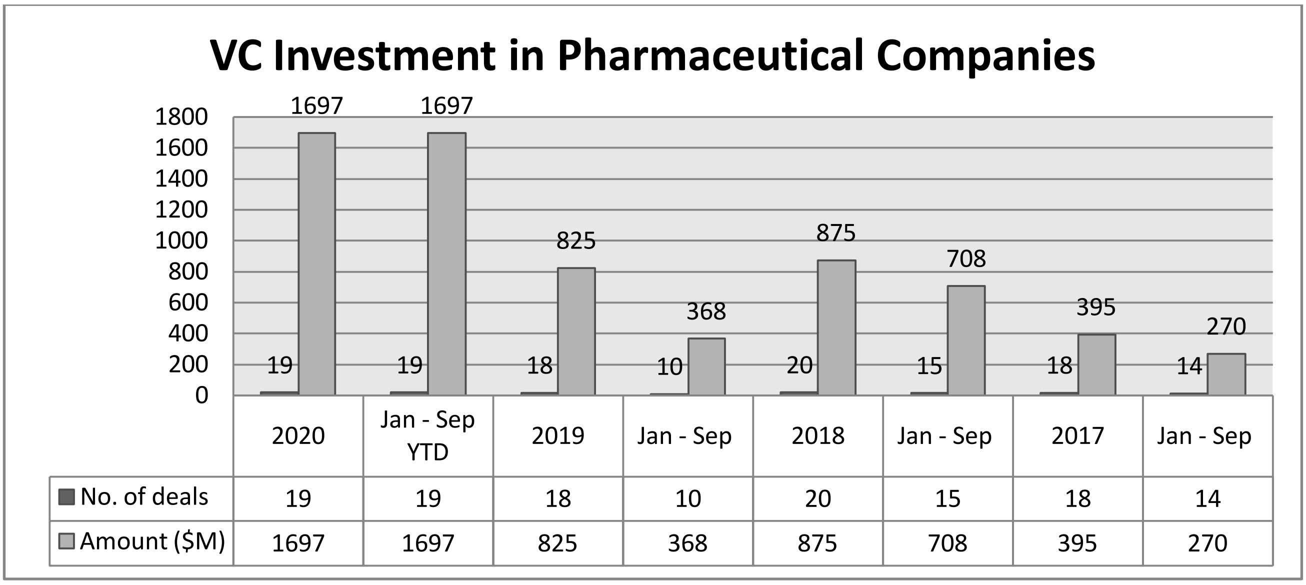
Some of the major deals reported in 2020 include Carlyle's $490 million investment in Piramal Phara, KKR's $414 million investment in JB Chemicals, Carlyle's $210 million investment in SeQuent Scientific, ChrysCapital's $132 million investment in Intas Pharmaceuticals, Advent International's $128 million in RA Chem Pharma, among others.

Year	No. of deals	Amount ($M)
2020	19	1697
Jan – Sep YTD	19	1697
2019	18	825
Jan – Sep	10	368
2018	20	875
Jan – Sep	15	708
2017	18	395
Jan - Sep	14	270

Source: Dow Jones Venture Source

Analysis:

This table shows that VC investments in pharmaceutical companies have grown by more than 3.5 times in 2020 and for the first time crossed $1 billion to touch $1.69 billion during January to September 2020. During January to September 2020, the sector attracted $1.69 billion (in 19 deals) as compared to $368 million, a year ago. Last year, as a whole, the sector attracted $825 million across 18 deals, according to Venture Intelligence data. It may be noted, 2020 is a year in which healthcare & life sciences have taken centre stage due to the corona virus (Covid-19) pandemic.



INTERPRETATION:

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VENTURE CAPITAL INVESTMENT IN REAL ESTATE SECTOR

The real estate industry has undergone significant structural changes in the last decade as advancements in tech have created a host of new digitized products and services that are changing how people buy, sell, rent, and invest. Real estate tech is still growing, and companies in the space are drawing more attention and funding from some of the most successful VC firms

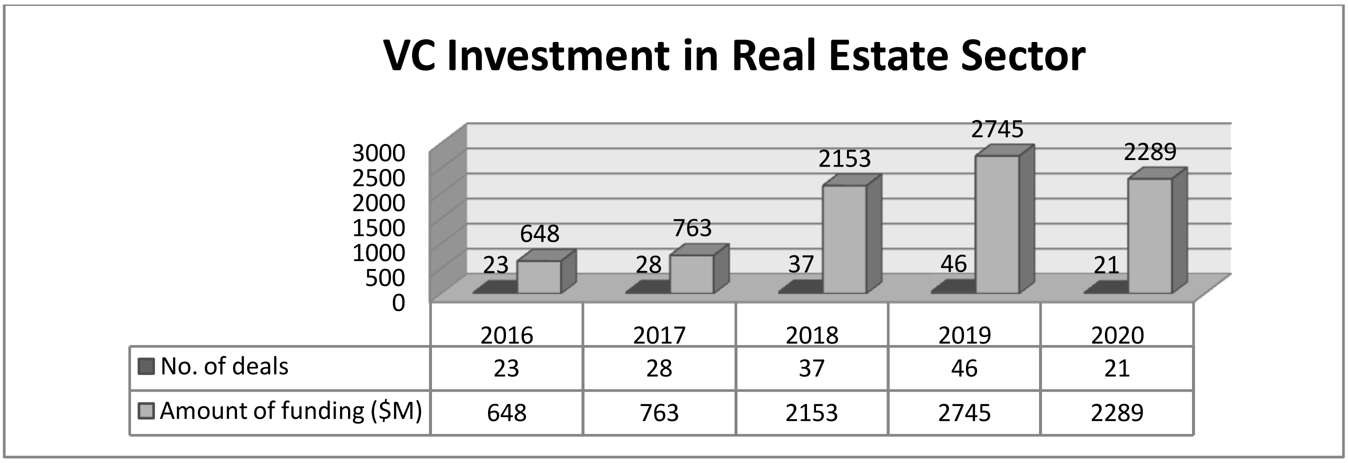
Table showing VC investment in REL

Year	No. of deals	Amount of funding($M)
2016	**23**	**$648**
2017	**28**	**$763**
2018	**37**	**$2153**
2019	**46**	**$2745**
2020	**21**	**$2289**

Source: Dow Jones Venture Source

Analysis:

This table shows that VC investments in real estate sector grew year-over-year (YoY) between 2016 and 2019, reaching a new record in 2019 with $2.7B invested across 46 deals. Despite the Covid-19 pandemic, Smart Money VC interest in real estate tech has continued in 2020, with $2.3B invested in the space so far (as of August 18) and a projected $3.1B investment by year end. VCs were involved in 8 of the 20 largest real estate tech deals of the year 2020, including Beike Zhaofang's $1.5B extension, Loft's $175M, Hippo's $150M and Veev's $85M.



INTERPRETATION:

By analyzing the above graph it clearly shows that Real estate tech investment has accelerated in the last few years, reflecting the commercial real estate industry's growing faith in the power of **PropTech,** and its potential for scalable success. The world's largest real estate tech investment scene, investment in PropTech was up 69% in 2019 year-on-year it's increasing but it was declined in 2020.

VENTURE CAPITAL INVESTMENT IN EDUCATION SECTOR

Edtech 2020's most funded sector, witness's massive jump in VC investments.Edtech stands out as the key sector to have received a strong vote of confidence from VC investors post the Covid outbreak. Most of the new capital has gone to already well known **startups** in the space - including Byjus, Vedantu and Un- academy. The investor focus has also noticeably favored the less regulated segments like tutoring and test preparation

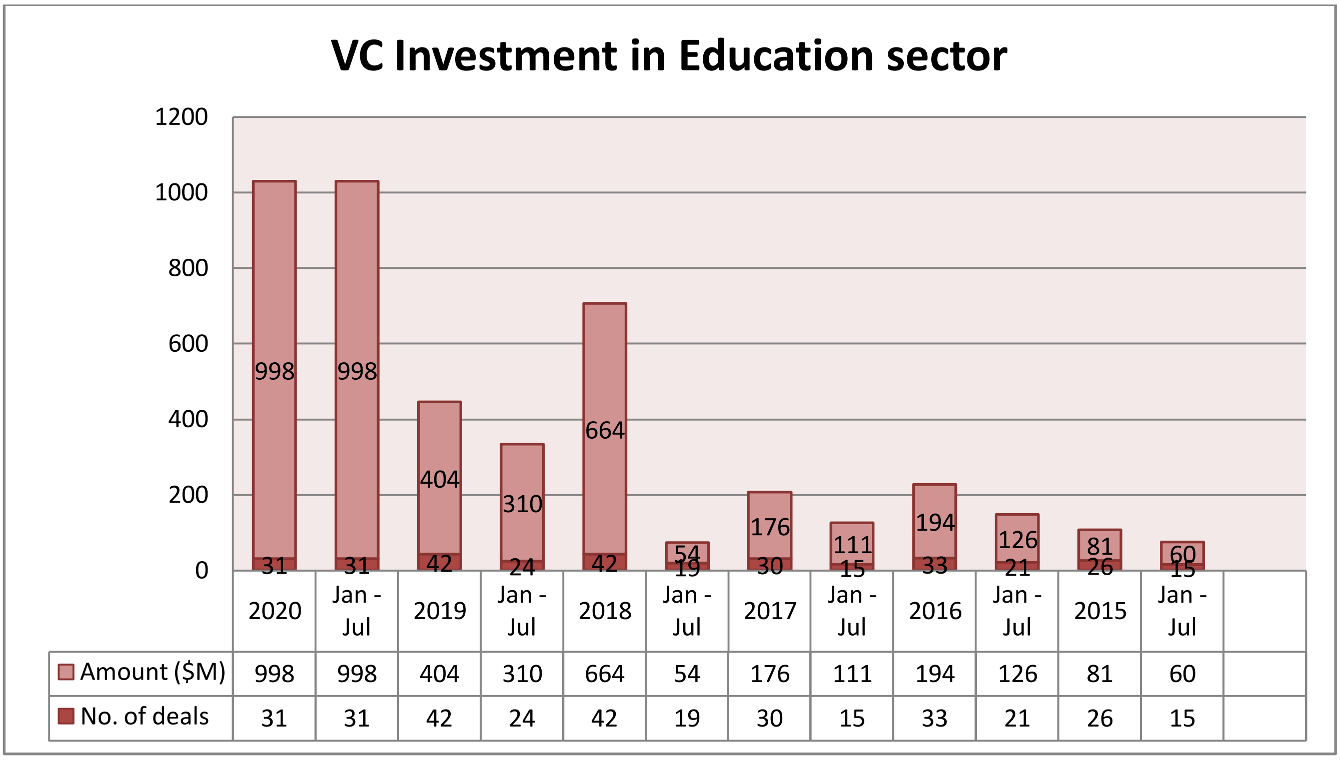
Table showing VC investments in education sector

Year	No. of deals	Amount ($M)
2020	**31**	**998**
Jan – Jul	**31**	**998**
2019	**42**	**404**
Jan – Jul	**24**	**310**
2018	**42**	**664**
Jan – Jul	**19**	**54**
2017	**30**	**176**
Jan – Jul	**15**	**111**
2016	**33**	**194**
Jan – Jul	**21**	**126**
2015	**26**	**81**
Jan – Jul	**15**	**60**

Sources: Bain VC deals database; Venture Intelligence; AVCJ; VCCEdge; Bain analysis

Analysis:

This table shows that VC investments in education sector start-ups have almost tripled during January to July 2020 to $998 million, from $310 million, a year ago. Edtech is the most funded sector in 2020.Investors says most of the edtech companies are seeing 3-5X raise in free audiences and anywhere 50-100% growth in monthly revenues due to Covid. Venture Intelligence data shows that during January to July 2020, investors infused $998 million in 31 deals. The total number of deals reported in 2019 was 42 worth $404 million.



INTERPRETATION:

By analyzing the above graph it clearly shows that Byjus Classes topped the chart as the company raised $500 million in 2020 in two tranches. Tiger Global and General Atlantic invested $300 million and $200 million in January and February 2020, respectively. The other top VC investments in the sector include Steadview Capital, Blume Ventures, Nexus Venture Partners, Sequoia Capital India, General Atlantic, Others investment of $110 million in Unacademy.

VENTURE CAPITAL INVESTMENT IN E – COMMERCE SECTOR

Investment in e – commerce firms dropped to 4 – year low even as online shopping picked up .Screening on Chinese investments, consolidation of players may be reasons, say investor's. E-commerce space in all verticals is more than 10 years old and is thus seeing consolidation behind the winners.

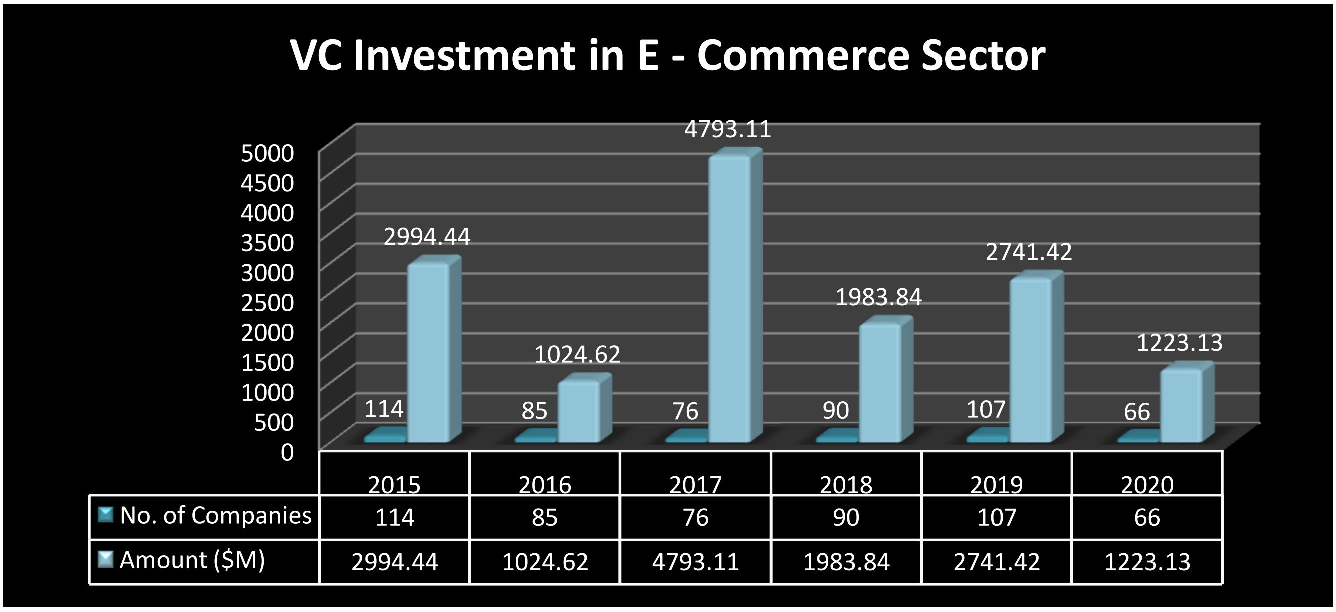
Table showing VC investment in E- Commerce sector

Year	No. of Companies	Amount ($ M)
2015	**114**	**2994.44**

2016	**85**	**1024.62**
2017	**76**	**4793.11**
2018	**90**	**1983.84**
2019	**107**	**2741.42**
2020	**66**	**1223.13**

Source: Pitch Book, NVCA Venture Monitor

Analysis:
This table shows that VC investments in e- commerce sector in India fell to $1,223.13 million for the January-September period in 2020, according to data from Venture Intelligence, a firm that tracks private companies' investments, financials and valuations. This is a 55 per cent drop from 2019's $2,741.42 million in the same period, and the lowest since 2016.The number of companies that attracted investments during the January-September period also fell to a six-year low. Only 66 firms raised funding in 2020 against 107 in 2019.



INTERPRETATION:
By analyzing the above graph it clearly shows that more consumers increasingly taking to online shopping this year since the onset of the pandemic. In fact, according to a recent survey by McKinsey & Company on the Indian consumer sentiment during the corona virus crisis, there is up to a 30 per cent net increase in intent to spend online even post Covid-19. There has been a 40-80 per cent growth in consumers who purchase online for most products.

VENTURE CAPITAL INVESTMENT IN AGRICULTURAL SECTOR
India's agritech sector attracted about $245 million investments from venture capital firms in 2019. Investments from venture capital firms in **agri-tech startups are expected to exceed $500 million** (around Rs 3,730 crore) in the next two years as entities engaged in helping farmers, enabling financing for them and enhancing farm mechanization attract significant interest. The government has announced a number of policy measures for the agriculture sector, and these steps are expected to

strengthen infrastructure logistics and capacity building. It also paves the path for increased private sector participation across the farm-to-fork chain.

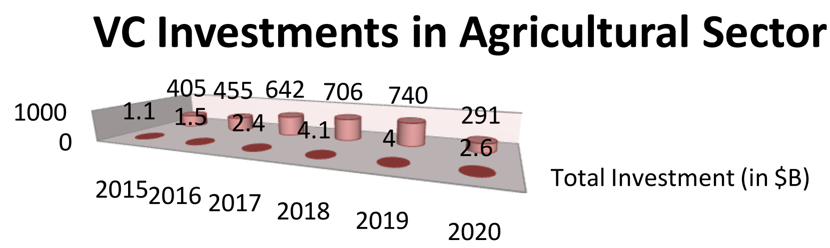
Table showing VC investments in Agricultural sector

Year	Total investment (in $B)	No. of deals
2015	1.1	405
2016	1.5	455
2017	2.4	642
2018	4.1	706
2019	4	740
2020	2.6	291

Source: Pitch Book, NVCA Venture Monitor

Analysis:

This table shows that VC investments in agricultural sector have exploded over the past five years. In the year 2018 and 2019, venture capitalists invested $4 billion in startups in the agtech space. $2.6 billion was invested in the year 2020 is poised to repeat or even exceed the previous years but due to covid -19 it was declined. Venture capital investors poured $4 billion into agtech startups across the globe in 2019. There was an increasing trend in investment as well as in No. of deals from 2015 to 2019. There are only 405 deals in 2015 gradually it has been increased to 740 in 2019.



	2015	2016	2017	2018	2019	2020
Total Investment (in $B)	1.1	1.5	2.4	4.1	4	2.6
No. of Deals	405	455	642	706	740	291

INTERPRETATION:

By analyzing the above graph it clearly shows that investments in agri tech marketplace startups turned in their top year in 2019, doubling deal values compared to 2018 and exceeding $4 billion.**Deal activity and investment dollars growing consistently over the last 3 years.** The agriculture startup market has boomed since 2018, jumping from $400 million to nearly $4.1 billion. In other way the agtech landscape faces considerable potential for (further) expansion, in particular in light of the growing global demand for food and the convergence of technologies that is paving the way for new and more efficient operations.

Number of Venture Capital deals in India.

In a venture capital deal, large ownership chunks of a company are created and sold to a few investors through independent limited partnerships that are established by venture capital firms. Sometimes these partnerships consist of a pool of several similar enterprises.

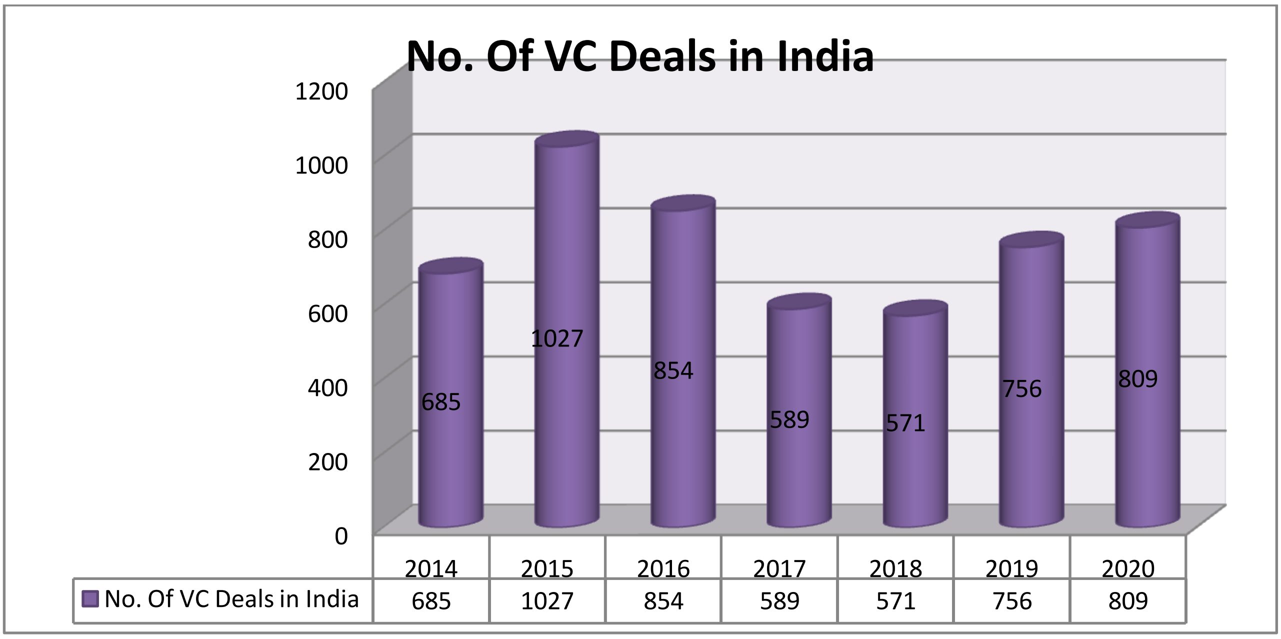
Table showing Venture Capital deals in India

2014	2015	2016	2017	2018	2019	2020
685	1027	854	589	571	756	809

Source: Venture intelligence: India private equity trend report

Analysis:

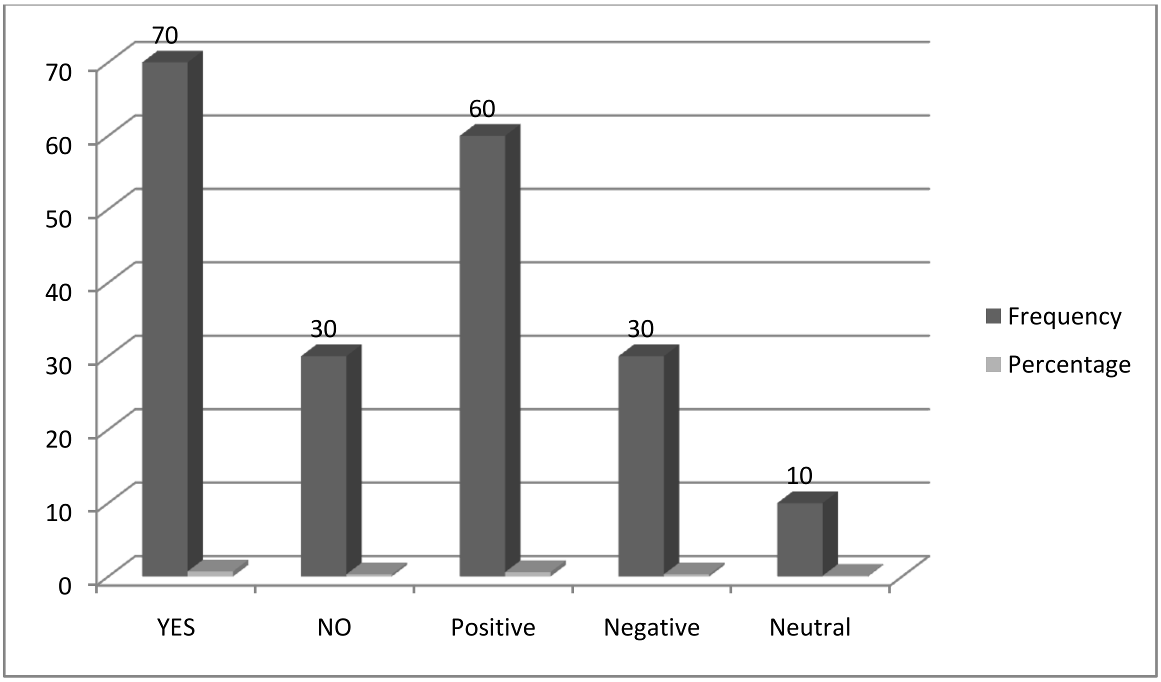
Above table indicates that in 2020, investors maintained a diversified approach despite facing many challenges due to the pandemic, Indian startups continued to battle hard with resilience empathy. Indian startups raised 809 deals from around 1,476 active investors in the ecosystem. There is a significant growth in number of mall value deals in 2020. There is a decline in deal value in the between 2017 and 2018 compared to rest of the year.



Perspective of Business tycoons towards Venture capital financing

Responses	Frequency	Percentage
Do venture capital financing is having good growth in Future	100	100%

YES	70	70%
NO	30	30%
Individual opinion towards Venture capital financing and investing criteria	100	100%
Positive	60	60%
Negative	30	30%
Neutral	10	10%



Source: Primary Data

Findings:

I recognized some findings from my study and I would like to give some suggestions regarding the study.

1. There was an exponential increase in venture capital from 2012 to till date.
2. It is predicted that there will be better amount of venture capital investments about to occur in 2021 and 2022.
3. Health and education sector gets maximum share of total venture capital investments among different sectors of the economy in 2020, followed by E – Commerce sector and Pharmaceutical sectors.
4. Industrial product sector are not attracting much VC investments and growing slowly when compare to other sectors.
5. The venture capital ecosystem is relatively weak in India. The industry is fragmented. Entrepreneurs are finding it difficult to get a seed stage funding.

6. Presently high net worth individuals and corporate are not provided with any incentives for investment in VCFs. In absence of any incentive, it is extremely difficult for domestic VCFs to raise money from this investor group that has a good potential.
7. So far VCFs are concentrated in few big cities and are mainly benefitting entrepreneurs located in those big cities. Venture Capital Fund should also be established in semi-urban and rural areas, to use the potential of budding new entrepreneurs.
8. Compliance of local SEBI regulations, FDI rules, FEMA and adherence to CBDT rules for claiming tax exemptions by VCs are great hurdles in growth of venture capital industry.
9. Venture Capital Financing is still not regarded as commercial activity.
10. Restricted Scope of venture capital in India to hi – tech project.

SUGGESTIONS

- The government should offer attractive opportunity to foreign investor to invest in Indian venture capital firms.
- The government of India should allow or encourage pension fund and insurance companies to invest in the venture capital as in United States of America where corporate contributions to venture funds are enormous.
- Create more transparency in Venture Capital firms.

Conclusion:

This study is commenced to recognize perspective and awareness of Business tycoons on venture capital and it's financing. The venture capital sector is experiencing its own paradigm shifts, reflecting an increasingly globalized world. Financing new enterprises offering innovative products/services, technology ventures and small and medium enterprises has been and continues to be a challenge in every economy. In the era of globalization, technological self reliance is crucial for the development of the economy and for building competitive advantage.

As per their analysis venture capital financing stands at the first place in returns when compare to other avenues, often examination get differ from one individual to another. In vision of the fact that financier is slight conscious due to risk factor is sky-scraping in the financing. Consequently, it can be concluded that financier who are aware of investment in startups are ready to bear risk on their investments. Other than knowledge, various factors like finance, capital also affect their decisions.

Venture capitalists in India have notice of newer avenues and regions to expand. VCs have moved beyond IT service but are cautions in exploring the right business model, for finding opportunities that generate better returns for their investors. In terms of impediments to expansion, few concerning factors to VC include; unfavorable political and regulatory environment compared to other countries, difficulty in achieving successful exists and administrative delays in documentation and approval.

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