

# Venture Capital, Technology and Innovative Startups in India

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## **Abstract**

Venture capital provides an effective vehicle as a financial intermediary to share risk and mentor the innovators into successful entrepreneurs as evidenced in the USA. Efforts to transfer this institution to developing countries like India have been fructifying in recent years with both demand creation through rise of risk-taking startups and supply-side factors like policy support and emergence of venture capital (VC) funds. The number of VC deals and quantum of funds have been growing at a high rate. VCs played crucial supportive role in nurturing several firms in telecom, IT, pharmaceutical and the recent start-ups like Flipkart, Paytm, Ola, Oyo and others. Regression analyses reveal that the firms located in Bangalore, Mumbai and National Capital Region (NCR) and those engaged in providing online services, Business Process Outsourcing (BPO) and infrastructure development attract significantly higher venture capital and private equity (VCPE) investments; and that these investments positively impact firm revenue. The paper then discusses some policy issues for inclusive growth.