

A Study on Factors Considered by Venture Capitalists in Financing Start-ups.

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- **Abstract:** Venture capital is one of the major sources of financing for Startups. It plays a significant role in the evolution and growth of Startups as they provide not only risky capital but also managerial support in running the enterprises. From the review of literature, it was found that most of the Startups remain selffinanced (Bootstrapped) rather than financed by Venture capitalist and are unable to scaleup due to paucity of funds. In this backdrop, this study was conducted in one of the Startup hubs of India, Bangalore, to determine the factors considered by Venture capitalist in financing Startups and to identify the strategies for making it more appealing to Startups. The data required for the study was mainly collected by administering structured questionnaires to 322 Startup entrepreneurs and 14 venture capitalists. Descriptive statistics and factor analysis were used as statistical interventions for drawing meaningful conclusions from the data analysis. The study identifies several factors considered by venture capitalists in financing startups, which are grouped under Six heads. The study also identifies seven strategies for making venture capital financing more appealing to startups.
- **Keywords:** Venture capitalist, financing startups, administering structured