ABSTRACT

Boosting entrepreneurship is high on agenda for revival of economies from the global economic slowdown. In order to accelerate the growth of GDP and to reduce unemployment, there is a need to encourage more entrepreneurship. Young entrepreneurs need funds for establishment of new firms, for growth, turnaround and revitalizing of the existing ones. Here come the importance of venture capital and private equity firms who finance these young entrepreneurs to establish, expand and revive their organizations. Venture capital has great importance as they help new and unquoted companies to raise funds for their operations. They help them by way of financing their needs through private equity, quasi equity, income note, participatory debentures and so on. Over the last few years these venture capital firms have helped many entrepreneurs to establish and expand their businesses and also played an important role in fundraising for unquoted and new companies till they reach to the mature stage where these venture capitalist and private equity firms exit through IPO or buyouts. Although they operated in a highly regulated environment but still they manage to earn large returns by way of return on investments as share in profits during operations and also in the exit deals. Venture capitalists make cautious investment in companies and have higher dominance but still they played significant role in encouraging innovations, creating employment, helping entrepreneurs. This paper is a critical review of venture capital and private equity firms in the last two years. Research is based on secondary data collecting from newspapers and various reports published especially venture intelligence and business standard.

KEYWORDS: GDP, Venture, IPO, entrepreneurship.
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