

# INTERNATIONAL JOURNAL OF RESEARCH IN COMPUTER APPLICATION & MANAGEMENT

I  
J  
R  
C  
M



A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

*Indexed & Listed at:*

Ulrich's Periodicals Directory ©, ProQuest, U.S.A., EBSCO Publishing, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A.

Open J-Gate, India [link of the same is duly available at Inlibnet of University Grants Commission (U.G.C.)].

Index Copernicus Publishers Panel, Poland with IC Value of 5.09 & number of libraries all around the world.

Circulated all over the world & Google has verified that scholars of more than 2255 Cities in 155 countries/territories are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

<http://ijrcm.org.in/>

## CONTENTS

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
1.	RELATIVE POVERTY AND INEQUALITY – A STUDY OF HIMACHAL PRADESH RAMNA	1
2.	SUSTAINING EMPLOYEE ENGAGEMENT IN THE FACE OF CRISIS – A TEST OF LEADERSHIP AND INTRODUCTION OF A NEW MODEL JAYDEEP H GOSWAMI	8
3.	AN EXPLORATORY STUDY ON CONSUMERS' ENVIRONMENTAL ATTITUDE ABOUT GREEN ELECTRONIC PRODUCTS IN ANKLESHWAR DR. AMIT R. PANDYA & PRATIK M. MAVANI	13
4.	JPEG IMAGE COMPRESSION ALGORITHM CHETAN DUDHAGARA & DR. KISHOR ATKOTIYA	20
5.	DO EMPLOYEES LACK IN REQUIRED SKILLS: AN ANALYSIS ON SIGNIFICANT SKILLS REPORTED FOR EMPLOYEES IN ORGANIZED RETAIL SECTOR & EXISTING GAP WITHIN DR. MANOJ VERGHESE & SUSHIL PUNWATKAR	26
6.	AN ANALYSIS OF INCOME STATEMENT OF A SERVICE SECTOR UNDERTAKING – A CASE STUDY OF INDUSTRIAL FINANCE CORPORATION OF INDIA LTD DR. SANTOSH GUPTA, SOMA NAG & AMIT NAG	30
7.	SIZE, AGE AND GROWTH IN INDIAN SELECTED PHARMACEUTICAL COMPANIES N. CHANDRIKA & DR. G. V. CHALAM	37
8.	VENTURE CAPITAL FIRMS ASSESSMENT CRITERIA'S WHILE FINANCING FOR NEW ENTERPRISES IN KARNATAKA SRINIVAS K T & DR. N NAGARAJA	41
9.	INVESTIGATING STOCK MARKET EFFICIENCY IN INDIA SAHANA PRASAD	45
10.	INNOVATING ICT FOR GENDER SENSITIVE DEVELOPMENT COMMUNICATION IN INDIA DR. SUPARNA DUTTA, CHANDER MOHAN & PARTHO ACHARYA	49
11.	A STUDY ON IDENTIFYING KEY HUMAN RESOURCE MANAGEMENT PRACTICES AFFECTING ORGANIZATIONAL COMMITMENT OF ENGINEERS OF NCR SHEVATA SINGHAL, DR. SUNITA DWIVEDI & DR. MITU G. MATTA	53
12.	IMPACT OF LEADERSHIP ON PERFORMANCE: IN CONTEXT OF SCHOOL LEADERSHIP ADIL SOHAIL & RAJA MAZHAR HAMEED	59
13.	SERVICE QUALITY PERCEPTIONS: AN EMPIRICAL ASSESSMENT OF BANKS IN JAMMU & KASHMIR STATE DR. MUSHTAQ AHMAD BHAT, SUHAILA SIKEEN KHAN & AAJAZ AHMAD BHAT	65
14.	A STUDY ON INVESTORS' ATTITUDE TOWARDS STOCK MARKET INVESTMENT DR. R. AZHAGAIAH & K. BANUMATHY	70
15.	A COMPREHENSIVE MODEL TO CHECK THE ADOPTION OF ONLINE SHOPPING IN PAKISTAN MUHAMMAD RIZWAN, MUHAMMAD IMRAN, MUHAMMAD SAJID IQBAL, MUHAMMAD SAJID BHATTI, AQSA CHANDA & FOZIA KHANUM	78
16.	LASER COMMUNICATION SYSTEM KARTIKBHAI BALDEVBAHI PATEL	86
17.	PERCEPTION OF CUSTOMERS TOWARDS SMS MODE OF ADVERTISING: A STUDY AT WEST BENGAL DR. RITA BASU	95
18.	CUSTOMER RELATIONSHIP MANAGEMENT IN BANKING: ISSUES AND CHALLENGES DR. SARITA BHATNAGAR	99
19.	METHOD FOR DESIGN PATTERN SELECTION BASED ON DESIGN PRINCIPLES S. S. SURESH, SAGAR. S. JAMBHORKAR & ASHA KIRAN	103
20.	INVESTMENT OPPORTUNITIES OF SERVICE SECTOR IN INDIA DR. SEEMA SINGH & SARIKA AHLUWALIA	108
21.	THE IMPACT OF CONTRIBUTORY PENSION SCHEME ON EMPLOYEE STANDARD OF LIVING OF QUOTED FIRMS IN NIGERIA SAMUEL IYIOLA KEHINDE OLUWATOYIN & DR. EZUGWU CHRISTIAN IKECHUKWU	113
22.	DETERMINANTS OF CUSTOMER COMPLAINING BEHAVIOR MUHAMMAD RIZWAN, AYESHA KHAN, IRAM SAEED, KAYNAT SHAH, NIDA AZHAR & WAQASIA ANAM	119
23.	A RELIABLE COMPUTERIZED ACCOUNTING INFORMATION SYSTEM; WHAT SECURITY CONTROLS ARE REQUIRED? AMANKWA, ERIC	125
24.	TRUST IN LEADERS - VITAL FOR EMPLOYEE MOTIVATION AND COMMITMENT: A CASE STUDY IN SELECTED CIVIL SERVICE BUREAUS IN AMHARA REGION, ETHIOPIA ABEBE KEBIE HUNEGNAW	132
25.	THE IMPACT OF ADOPTING COMPUTERIZED ACCOUNTING INFORMATION SYSTEMS FOR EFFECTIVE MANAGEMENT OF ACCOUNTING TRANSACTIONS IN PUBLIC INSTITUTIONS: CASE OF KENYA SCHOOL OF GOVERNMENT DUNCAN MOMANYI NYANGARA, THOMAS MOCHOGE MOTINDI & JAMES KAMAU MWANGI	138
26.	INCLUSIVE GROWTH THROUGH FINANCIAL INCLUSION: A STUDY OF INDIAN BANKING SECTOR SHRI LAXMIKANTA DAS & DR. SANJEEB KUMAR DEY	144
27.	A CONCEPTUAL MODEL FOR VENDOR SELECTION IN IT OUTSOURCING: AN APPROACH INSPIRED BY THE MONEYBALL THEORY DIANA LÓPEZ-ROBLEDO, EDGAR FERRER, MARIA LUGO-SALLS, JOSÉ BEAUCHAMP-COUTO & LEILA VIRELLA-PAGAN	147
28.	HOME LOAN FRAUDS- BANKER'S NIGHT MARE RAJU D	152
29.	ADVERSE EFFECT OF LOAN SECURITIZATION ON THE STOCK PRICES OF BANKS: EMPIRICAL EVIDENCE FROM EUROPE AND AMERICA SHARMIN SHABNAM RAHMAN	158
30.	ANTECEDENTS OF BRAND LOYALTY: AN EMPIRICAL STUDY FROM PAKISTAN MUHAMMAD RIZWAN, TAMOOR RIAZ, NAEEM AKHTER, GULSHER MURTAZA, M.HASNAIN, IMRAN RASHEED & LIAQUAT HUSSAIN	165
	<b>REQUEST FOR FEEDBACK</b>	172

## CHIEF PATRON

**PROF. K. K. AGGARWAL**

Chancellor, Lingaya's University, Delhi  
Founder Vice-Chancellor, Guru Gobind Singh Indraprastha University, Delhi  
Ex. Pro Vice-Chancellor, Guru Jambheshwar University, Hisar

## FOUNDER PATRON

**LATE SH. RAM BHAJAN AGGARWAL**

Former State Minister for Home & Tourism, Government of Haryana  
Former Vice-President, Dadri Education Society, Charkhi Dadri  
Former President, Chinar Syntex Ltd. (Textile Mills), Bhiwani

## CO-ORDINATOR

**DR. SAMBHAV GARG**

Faculty, Shree Ram Institute of Business & Management, Urjani

## ADVISORS

**DR. PRIYA RANJAN TRIVEDI**

Chancellor, The Global Open University, Nagaland

**PROF. M. S. SENAM RAJU**

Director A. C. D., School of Management Studies, I.G.N.O.U., New Delhi

**PROF. S. L. MAHANDRU**

Principal (Retd.), Maharaja Agrasen College, Jagadhri

## EDITOR

**PROF. R. K. SHARMA**

Professor, Bharti Vidyapeeth University Institute of Management & Research, New Delhi

## EDITORIAL ADVISORY BOARD

**DR. RAJESH MODI**

Faculty, Yanbu Industrial College, Kingdom of Saudi Arabia

**PROF. PARVEEN KUMAR**

Director, M.C.A., Meerut Institute of Engineering & Technology, Meerut, U. P.

**PROF. H. R. SHARMA**

Director, Chhatrapati Shivaji Institute of Technology, Durg, C.G.

**PROF. MANOHAR LAL**

Director & Chairman, School of Information & Computer Sciences, I.G.N.O.U., New Delhi

**PROF. ANIL K. SAINI**

Chairperson (CRC), Guru Gobind Singh I. P. University, Delhi

**PROF. R. K. CHOUDHARY**

Director, Asia Pacific Institute of Information Technology, Panipat

**DR. ASHWANI KUSH**

Head, Computer Science, University College, Kurukshetra University, Kurukshetra

**DR. BHARAT BHUSHAN**

Head, Department of Computer Science & Applications, Guru Nanak Khalsa College, Yamunanagar

**DR. VIJAYPAL SINGH DHAKA**

Dean (Academics), Rajasthan Institute of Engineering & Technology, Jaipur

**DR. SAMBHAVNA**

Faculty, I.I.T.M., Delhi

**DR. MOHINDER CHAND**

Associate Professor, Kurukshetra University, Kurukshetra

**DR. MOHENDER KUMAR GUPTA**

Associate Professor, P.J.L.N. Government College, Faridabad

**DR. SAMBHAV GARG**

Faculty, Shree Ram Institute of Business & Management, Urjani

**DR. SHIVAKUMAR DEENE**

Asst. Professor, Dept. of Commerce, School of Business Studies, Central University of Karnataka, Gulbarga

**DR. BHAVET**

Faculty, Shree Ram Institute of Business & Management, Urjani

**ASSOCIATE EDITORS**

**PROF. ABHAY BANSAL**

Head, Department of Information Technology, Amity School of Engineering & Technology, Amity University, Noida

**PROF. NAWAB ALI KHAN**

Department of Commerce, Aligarh Muslim University, Aligarh, U.P.

**ASHISH CHOPRA**

Sr. Lecturer, Doon Valley Institute of Engineering & Technology, Karnal

**TECHNICAL ADVISOR**

**AMITA**

Faculty, Government M. S., Mohali

**FINANCIAL ADVISORS**

**DICKIN GOYAL**

Advocate & Tax Adviser, Panchkula

**NEENA**

Investment Consultant, Chambaghat, Solan, Himachal Pradesh

**LEGAL ADVISORS**

**JITENDER S. CHAHAL**

Advocate, Punjab & Haryana High Court, Chandigarh U.T.

**CHANDER BHUSHAN SHARMA**

Advocate & Consultant, District Courts, Yamunanagar at Jagadhri

**SUPERINTENDENT**

**SURENDER KUMAR POONIA**

## CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the area of Computer, Business, Finance, Marketing, Human Resource Management, General Management, Banking, Insurance, Corporate Governance and emerging paradigms in allied subjects like Accounting Education; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Monetary Policy; Portfolio & Security Analysis; Public Policy Economics; Real Estate; Regional Economics; Tax Accounting; Advertising & Promotion Management; Business Education; Management Information Systems (MIS); Business Law, Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labor Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; Public Administration; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism, Hospitality & Leisure; Transportation/Physical Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Digital Logic; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Multimedia; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic and Web Design. The above mentioned tracks are only indicative, and not exhaustive.

Anybody can submit the soft copy of his/her manuscript **anytime** in M.S. Word format after preparing the same as per our submission guidelines duly available on our website under the heading guidelines for submission, at the email address: [infoijrcm@gmail.com](mailto:infoijrcm@gmail.com).

## GUIDELINES FOR SUBMISSION OF MANUSCRIPT

### 1. **COVERING LETTER FOR SUBMISSION:**

DATED: \_\_\_\_\_

**THE EDITOR**  
IJRCM

**Subject: SUBMISSION OF MANUSCRIPT IN THE AREA OF**

(e.g. Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)

**DEAR SIR/MADAM**

Please find my submission of manuscript entitled ' \_\_\_\_\_ ' for possible publication in your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published elsewhere in any language fully or partly, nor is it under review for publication elsewhere.

I affirm that all the author (s) have seen and agreed to the submitted version of the manuscript and their inclusion of name (s) as co-author (s).

Also, if my/our manuscript is accepted, I/We agree to comply with the formalities as given on the website of the journal & you are free to publish our contribution in any of your journals.

#### **NAME OF CORRESPONDING AUTHOR:**

Designation:

Affiliation with full address, contact numbers & Pin Code:

Residential address with Pin Code:

Mobile Number (s):

Landline Number (s):

E-mail Address:

Alternate E-mail Address:

#### **NOTES:**

- a) The whole manuscript is required to be in **ONE MS WORD FILE** only (pdf. version is liable to be rejected without any consideration), which will start from the covering letter, inside the manuscript.
- b) The sender is required to mention the following in the **SUBJECT COLUMN** of the mail:  
**New Manuscript for Review in the area of (Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)**
- c) There is no need to give any text in the body of mail, except the cases where the author wishes to give any specific message w.r.t. to the manuscript.
- d) The total size of the file containing the manuscript is required to be below **500 KB**.
- e) Abstract alone will not be considered for review, and the author is required to submit the complete manuscript in the first instance.
- f) The journal gives acknowledgement w.r.t. the receipt of every email and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of manuscript, within two days of submission, the corresponding author is required to demand for the same by sending separate mail to the journal.

2. **MANUSCRIPT TITLE:** The title of the paper should be in a 12 point Calibri Font. It should be bold typed, centered and fully capitalised.

3. **AUTHOR NAME (S) & AFFILIATIONS:** The author (s) **full name, designation, affiliation (s), address, mobile/landline numbers, and email/alternate email address** should be in italic & 11-point Calibri Font. It must be centered underneath the title.

4. **ABSTRACT:** Abstract should be in fully italicized text, not exceeding 250 words. The abstract must be informative and explain the background, aims, methods, results & conclusion in a single para. Abbreviations must be mentioned in full.

5. **KEYWORDS:** Abstract must be followed by a list of keywords, subject to the maximum of five. These should be arranged in alphabetic order separated by commas and full stops at the end.
6. **MANUSCRIPT:** Manuscript must be in **BRITISH ENGLISH** prepared on a standard A4 size **PORTRAIT SETTING PAPER**. It must be prepared on a single space and single column with 1" margin set for top, bottom, left and right. It should be typed in 8 point Calibri Font with page numbers at the bottom and centre of every page. It should be free from grammatical, spelling and punctuation errors and must be thoroughly edited.
7. **HEADINGS:** All the headings should be in a 10 point Calibri Font. These must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.
8. **SUB-HEADINGS:** All the sub-headings should be in a 8 point Calibri Font. These must be bold-faced, aligned left and fully capitalised.
9. **MAIN TEXT:** The main text should follow the following sequence:

**INTRODUCTION****REVIEW OF LITERATURE****NEED/IMPORTANCE OF THE STUDY****STATEMENT OF THE PROBLEM****OBJECTIVES****HYPOTHESES****RESEARCH METHODOLOGY****RESULTS & DISCUSSION****FINDINGS****RECOMMENDATIONS/SUGGESTIONS****CONCLUSIONS****SCOPE FOR FURTHER RESEARCH****ACKNOWLEDGMENTS****REFERENCES****APPENDIX/ANNEXURE**

It should be in a 8 point Calibri Font, single spaced and justified. The manuscript should preferably not exceed **5000 WORDS**.

10. **FIGURES & TABLES:** These should be simple, crystal clear, centered, separately numbered & self explained, and **titles must be above the table/figure. Sources of data should be mentioned below the table/figure.** It should be ensured that the tables/figures are referred to from the main text.
11. **EQUATIONS:** These should be consecutively numbered in parentheses, horizontally centered with equation number placed at the right.
12. **REFERENCES:** The list of all references should be alphabetically arranged. The author (s) should mention only the actually utilised references in the preparation of manuscript and they are supposed to follow **Harvard Style of Referencing**. The author (s) are supposed to follow the references as per the following:
  - All works cited in the text (including sources for tables and figures) should be listed alphabetically.
  - Use **(ed.)** for one editor, and **(ed.s)** for multiple editors.
  - When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc, in chronologically ascending order.
  - Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
  - The title of books and journals should be in italics. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
  - For titles in a language other than English, provide an English translation in parentheses.
  - The location of endnotes within the text should be indicated by superscript numbers.

**PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:****BOOKS**

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

**CONTRIBUTIONS TO BOOKS**

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

**JOURNAL AND OTHER ARTICLES**

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

**CONFERENCE PAPERS**

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19-22 June.

**UNPUBLISHED DISSERTATIONS AND THESES**

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

**ONLINE RESOURCES**

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

**WEBSITES**

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 <http://epw.in/user/viewabstract.jsp>

## VENTURE CAPITAL FIRMS ASSESSMENT CRITERIA'S WHILE FINANCING FOR NEW ENTERPRISES IN KARNATAKA

**SRINIVAS K T**  
**ASSOCIATE PROFESSOR**  
**COMMUNITY INSTITUTE OF MANAGEMENT STUDIES**  
**BANGALORE**

**DR. N NAGARAJA**  
**ASSOCIATE PROFESSOR**  
**DEPARTMENT OF COMMERCE**  
**UNIVERSITY OF MYSORE**  
**MYSORE**

### ABSTRACT

*The present study addresses the investment criteria's used by Venture Capital Firms of Karnataka in their financing decisions to new enterprises. Using Likert scale type of questionnaire, venture capital firms of Karnataka were asked to rate the investment criteria's. By evaluating the mean ratings, it was found that venture capital firms of Karnataka considers the Entrepreneur honesty and integrity, Long term vision, Urge to grow, High-tech product, Uniqueness of the product, High market growth rate, Balanced team, Capable of sustained intense efforts, high internal rate of return, Easy market acceptability are the top ten most important criteria's considered by venture capital firms before financing the new enterprises.*

### KEYWORDS

High-tech product, venture capitalists, start-up companies etc.

### INTRODUCTION

Venture capital is a growing business of recent origin in the area of industrial financing in India. The venture capital sector is the most vibrant industry in the financial market today. Venture capital is finance provided by professionals who invest in young, rapidly growing companies that have the potential to develop into significant economic contributors. Venture capital is an important source of equity for start-up companies.

Venture capital can be visualized as **"your ideas and our money"** concept of developing business. Venture capitalists are people who pool financial resources from high net worth individuals, corporate, pension funds, insurance companies, etc. to invest in high risk- high return ventures that are unable mobilize funds from regular channels like banks and capital markets. The venture capital industry in India has really taken off recently. Venture capitalists not only provide monetary resources but also help the entrepreneur with guidance in formalizing his ideas into a viable business venture. With technology and knowledge based ideas set to drive the global economy in the coming millennium, and given the inherent strength by way of its human capital, technical skills, cost competitive workforce, research and entrepreneurship, India can unleash a revolution of wealth creation and rapid economic growth in a sustainable manner, however, this to happen, there is a need for risk finance and venture capital environment which can leverage innovation, promote technology and harness knowledge based ideas.

Venture Capital refers to the commitment of capital as shareholding, for the formulation and setting up of small firms specializing in new ideas or new technologies. It is not merely an injection of funds into a new firm, it is a simultaneous input of skill needed to setup the firm, design its marketing strategy and organize and manage it. It is an association with successive stages of firm's development with distinctive types of financing appropriate to each stage of development.

### REVIEW OF LITERATURE

This section provides a view of some existing literature with regard to the selection criterion for venture capitalists; this literature review must allow having a better understanding of both research topics and of the existing gap.

**Wells (1974)** conducted personal interviews with eight venture capital companies. The criteria which his respondents used to evaluate business proposals and deals include, in order of significance management commitment, product, market, marketing skill, engineering skill, marketing plan, financial skill, manufacturing skill, references, and other participants in the deal, industry/technology, and cash-out method.

**Poindexter (1976)** added to Wells' criteria (1974) and re-ranked them with a more extensive sample size of 97. The new criteria, with modified rankings according to their significance, include quality of management, expected rate of return, expected risk, percentage equity share of venture, Management stake in firm, financial provisions for investor rights, venture development stage, restrictive covenants, and interest of dividend rate, present capitalization, investor control, and tax shelter considerations.

**MacMillan, Siegel and Subba Narashimha (1985)** carried out a two-step study, interviewed of 14 VCs and identified 27 criteria of evaluating venture investment. Then they grouped these criteria in six groups: entrepreneur's personality, Entrepreneur's experience, product characteristics, market characteristics, financial considerations and composition of venture team. They then tested the model with a questionnaire mailed to a sample of 150 VCs in the US. The analysis revealed that, out of 10 criteria most frequently rated as essential, six related to the entrepreneur's personality and experience.

**Robinson, R.B. (1987)** Mailed questionnaires to 53 VCs, by using Descriptive statistics and Factor analysis he identified that management skills, venture team, references/ track record, personal motivation, market growth, competitive threat, cash-out potential/liquidity, substantiated growth objectives are most important criteria's in venture success.

**Timmons, J.A et.al( 1987)** By conducting unstructured interview to 47 VCs, by using content analysis they find out that management skills, venture team, references, degree of product differentiation, market acceptance, product line, growth path, market size, market growth, barriers to entry, competitive threat, cash-out potential/liquidity, size of investment, value added stream are important criteria's.

**I. M. Pandey, Jyoti P Gupta and R M D Wickramatilake (1995)** the purpose of this paper is to provide empirical evidence of the venture capital activity in a developing Asian country, which is Thailand. The top ten criteria identified by their study are: well thought strategy to remain ahead of competition, integrity, familiar with target market, managerial skills, and balanced team. Long-term vision, demonstrated market acceptance of the product, urges to grow, high market growth, financial skills.

**Pandey (1996)** in the study to evaluate criteria being used by the VCs in India, found that out of the top five criteria, most frequently rated as essential, four relate to the entrepreneur's personality, viz., integrity, urge to grow, long-term vision and well-thought strategy to remain ahead of competition. The sample consisted of nine VCs. Pandey concluded that VCs in India consider the entrepreneur's integrity and urge to grow as the most important critical aspects of venture evaluation, but a very low priority to the high-tech component of the product, untapped market, and venture returns.

**Gupta, J P, Pandey, I M and Wickramatilke, R M D (1996)** they found that in Sri Lanka, the top criteria preferred by venture capitalists are; potentially high growth, return, liquidity and technologically skilled venture team. The entrepreneur's integrity and sustained efforts are additional important evaluation criteria.

**Pandey, I M and Jang, Angela, (1996)** they found that the five top most criteria considered by venture capitalist while financing in Taiwan are; return on investment, entrepreneurs' technical skills, market need for product, growth potential for the market and liquidity of investment.

**Golis, (1998)** The criteria used in the screening stage are: market size and potential growth; a significant competitive advantage; uniqueness of the product/service; management team; funding requirement; investment stage; the industry; profit potential; and economic return.

**Zacharakis and Meyer (2000)** also found, using conjoint analysis that the entrepreneur is not as important as shown in previous studies, and that Market and competition considerations were more important.

**Dr. A.K.Mishra (2004)** the study analyses the validity of venture evaluation model in India by directly comparing the relative importance of evaluation criteria on the funding decision with the relative importance to factors influencing venture's empirical performance. The results reveal that criteria adopted by Indian VCs are different from those adopted by VCs in other countries including US. The results also confirm that the entrepreneur's personality and experience are seen as being primary indicators of the venture's potential.

**Lerner (2004)** enumerates criteria similar to those found by prior authors (promising technology, flexible and experienced management team, market size, fulfillment of market needs) and adds that, if available, the feedback from existing or potential customers is an important element to consider.

**Abdul Rakhman (2005)** this research investigates the use of investment criteria to evaluate potential partners who seek venture capital. The survey was undertaken in the South Sulawesi Province of Indonesia. VCs paid a lot of attention to the financial aspects and personality and experience of entrepreneurs in assessing the proposed businesses. They were concerned with the availability of raw material, marketing skills, fair trading and legal action. Entrepreneurs rated the ability to manage risks, product being well accepted and ability to attract customers as very important, and audited financial report and relationship with VCs as important. Investees emphasized honesty, openness and approachability, the product being well accepted, ability to attract customers and VCs actively developing trust and relationship with investees. They also believed IRR to be important.

**B.van Deventer and C. Mlambo (2008)** this study explores and identifies the investment criteria used by South African Venture Capitalists in their venture screening and evaluation processes. By using a Likert scale type of questionnaire by evaluating the mean rating, it was found that South Africa VCs consider the entrepreneur's honesty and integrity; a good expected market acceptance; and a high internal rate of return to be the three most important criteria. The result of this study are deemed useful to both venture capitalists in their decision making process and to entrepreneurs in their venture capital applications to maximize their success rate.

## STATEMENT OF THE PROBLEM

Venture capital is a risky finance for entrepreneurial growth oriented companies. It is an investment for the medium or long-term ventures seeking to maximize medium or long-term return for both the parties. The research gaps and relevant questions which strike the mind during the literature review that what assessment criteria's are being used by the venture capital firms of Karnataka while financing new enterprises, particularly when the venture capital activity is in its infancy stage? Hence there arises a need to address the mentioned question.

## OBJECTIVES OF THE STUDY

To study the criteria adopted by venture capital firms while financing new enterprises in Karnataka.

## SCOPE OF THE STUDY

The present study is confined to venture capital firms located in Karnataka under the registration of SEBI and functioning in Karnataka. At present as on Jan, 2013, total 13 venture capital firms and 21 of their funds located in Karnataka.

## DATA AND METHODOLOGY

Data is gathered through primary data, i.e. questionnaire from different venture capital firms under the registration of SEBI and functioning in Karnataka. From the 13 questionnaires sent out, 10 completed, surveys were returned giving a response rate of 76.92%. For analysis of data mean rating is calculated to achieve the expected results.

## QUESTIONNAIRE

The questionnaire was used collect the required information. The respondents were asked to evaluate the importance of the investment criteria using a four-point scale, where 1 = irrelevant; 2 = desirable, 3 = important and 4 = essential. Likert scale questionnaire provides a consistent means of obtaining data. It helps reduce bias.



## RESULTS

## EVALUATION CRITERIA'S AND RESULTS

Criteria's	Mean	Variance(standard deviation)	Standard Deviation
<b>I Management Criteria</b>			
<b>A. Entrepreneur's Personality</b>			
Entrepreneur honesty and integrity	3.9	0.1	0.31623
Great desire for success	3.4	0.48889	0.69921
Capable of sustained intense effort	3.6	0.48889	0.69921
Able to evaluate and react to risk well	3.00	0.44444	0.66667
Long term vision	3.8	0.17778	0.42164
Attention to detail	3.00	0.22222	0.4714
Urge to grow	3.7	0.45556	0.67495
Commercial orientation	3.3	0.67778	0.82327
Amenable to suggestions and criticism	2.3	0.67778	0.82327
Articulate in discussing venture	2.2	0.62222	0.78881
Compatible personality	2.1	0.76667	0.8756
The entrepreneur is hardworking and flexible	3.2	0.62222	0.78881
<b>B. The Entrepreneur's Experience</b>			
Familiarity with target market	3.4	0.48889	0.69921
Demonstrated leadership ability in past	2.5	0.27778	0.52705
Track record relevant to venture	2.4	0.48889	0.69921
Referred by trustworthy source	1.1	0.1	0.31623
Familiarity with entrepreneur's reputation	1.9	0.54444	0.73786
Competes against self imposed standards	2.2	0.84444	0.91894
Well thought-out strategy to remain ahead of competition	2.8	0.62222	0.78881
The entrepreneur has good risk management qualities	3.5	0.5	0.70711
<b>II Characteristics of the Product or Service</b>			
A good market acceptance for the product or service	2.7	0.67778	0.82327
High-tech product	3.7	0.23333	0.48305
Uniqueness of the product	3.7	0.45556	0.67495
The product/service has a competitive advantage over competing products	2.7	0.23333	0.48305
venture has production capabilities in place	1.4	0.48889	0.69921
<b>III Characteristics of the Market</b>			
High market growth rate	3.7	0.23333	0.48305
Little threat of competition	2.5	0.72222	0.84984
Easy market acceptability	3.5	0.5	0.70711
Market stimulated by the venture	1.9	0.98889	0.99443
Large size of market	3.2	0.62222	0.78881
Product in market familiar to VCF	2.3	0.67778	0.82327
Ability to create a new market	2.5	0.27778	0.52705
<b>IV Financial Considerations</b>			
The venture will provide a high internal rate of return	3.6	0.26667	0.5164
The venture has Significant potential for earnings growth	3.2	0.4	0.63246
Expected return equal to at least 10 times the investment in 5-1-years	2.8	0.4	0.63246
Venture can be easily made liquid (By going public or Acquisition etc)	3.0	0.88889	0.94281
Subsequent investment not expected by VCF	1.6	0.48889	0.69921
VCF will not participate in later rounds of investment	1.1	0.1	0.31623
<b>V Characteristics of Venture Management Team</b>			
Technical skills	3.2	0.62222	0.78881
Managerial skills	3.1	0.32222	0.56765
Balanced team	3.6	0.26667	0.5164
<b>VI. Environmental Threats</b>			
Freedom or min regulation from outside agencies	1.5	0.27778	0.52705
Protection from barriers to entry by competition	1.6	0.26667	0.5164
Protection from obsolescence due to changing technology	2.0	0.88889	0.94281

## MAIN GROUP CRITERIA'S AND RESULTS

Main Group Criteria's	Mean	Variance(standard deviation)	Standard Deviation
Management Considerations	3.9	0.1	0.31623
Product Considerations	3.6	0.26667	0.5164
Financial Considerations	3.7	0.23333	0.48305
Market Consideration	2.9	0.32222	0.56765
Environmental Threats	1.7	0.23333	0.48305
Venture Management Team	2.8	0.17778	0.42164

## TOP TEN EVALUATION CRITERIA'S AND RESULTS

Criteria's	Mean	Variance(standard deviation)	Standard Deviation
Entrepreneur honesty and integrity	3.9	0.1	0.31623
Long term vision	3.8	0.17778	0.42164
Urge to grow	3.7	0.45556	0.67495
High-tech product	3.7	0.23333	0.48305
Uniqueness of the product	3.7	0.45556	0.67495
High market growth rate	3.7	0.23333	0.48305
Balanced team	3.6	0.26667	0.5164
Capable of sustained intense effort	3.6	0.48889	0.69921
The venture will provide a high internal rate of return	3.6	0.26667	0.5164
Easy market acceptability	3.5	0.5	0.70711

**CONCLUSION**

Venture capital firms of Karnataka paid a lot of attention to the management consideration, followed by financial and product consideration when financing for rapidly growing companies in Karnataka.

This study also identifies the investment criteria's used by venture capital firms of Karnataka in their evaluation process and study explore the most important criteria's rated by VCs, they are Entrepreneur honesty and integrity, Long term vision, Urge to grow, High-tech product, Uniqueness of the product, High market growth rate, Balanced team, Capable of sustained intense efforts, a high internal rate of return, Easy market acceptability are identified as most and top ten important criteria's.

In this context entrepreneurs can have a look on Criteria's considered by VCs, and helps for proposal preparation for venture capital to maximize their success rates.

**REFERENCES**

1. Abdul Rakhman(2005), "Enhancing Venture Capital Investment Evaluation: A Survey of Venture Capitalists', Investees' and Entrepreneurs' Perspectives" Journal of Economic and social policy: Vol.10: Iss.1, Article2.pp-1-34
2. B.van Deventer and C. Mlambo (2009) "Factors influencing venture capitalists project financing decisions in South Africa", South Africa journal of Business management 2009, 40(1), pp 33-41
3. Golis, C. 1998, Enterprise and Venture Capital, Allen & Unwin, Australia.
4. Gupta, J P, Pandey, I M and Wickramatilke, R M D (1996), venture capital in a developing country: a case study of Sri Lanka, Accounting and Business Review, Vol.3, No.2 July, pp. 215-240.
5. I.M. Pandey, Jyoti P Gupta and R M D Wickramatilake (1995), 'venture capital investment process and evaluation in a developing Asian country; A study of Thailand', The ICAFI Journal of Applied finance, 1(2), pp 90-111.
6. Lerner, J. (2004). When bureaucrats meet entrepreneurs: The design of effective "public venture capital" programs. In D. Holtz-Eakin & H. S. Rosen (Eds.), Public Policy and the Economics of Entrepreneurship (pp. 1-22). Cambridge, MA: The MIT Press.
7. MacMillan, I.C., Siegel, R. and Subbanarasimha, P.N. (1985), "Criteria Used by Venture Capitalists to Evaluate New Venture Proposals," Journal of Business Venturing, Vol.1, pp. 119-128.
8. Mishra.A.K. (2004), "Indian Venture capitalists (VCs) Investment Evaluation Criteria", ICAFI Journal of Applied Finance, Vol.10-No 7 Pp-71-93.
9. N. Nagaraja, Srinivas K.T (2012) "Venture Capital in Karnataka" International Journal of Management, Volume 3, Issue 3, 2012, pp. 246 – 257
10. N. Nagaraja, Srinivas K.T (2013), "Venture Capital Finance" International Journal of Advanced research Management Volume 4, Issue 1, January- April 2013, pp. 01-10
11. Pandey, I M and Jang, Angela, (1996), venture capital for technology financing in Taiwan, forthcoming.
12. Pandey, I.M. (1996). "Venture Capitalist's Evaluation Criteria in a Developing Country: A Case of India." International Journal of Development Banking, Vol. 14, No.1, January.
13. Poindexter, J.B. (1976), "The Efficiency of Financial Markets: The Venture Capital Case," Unpublished doctoral dissertation, New York University, New York
14. Robinson, R.B. (1987). Emerging strategies in the venture capital industry, Journal of Business Venturing, 2(1), pp. 53-77.
15. Timmons, J.A., Muzyka, D.F., Stevenson, H.H. and Bygrave, W.D. (1987). Opportunity recognition: the core of entrepreneurship, Frontiers of Entrepreneurship Research, pp. 109-123.
16. Wells, W.A. (1974), "Venture Capital Decision Making," unpublished doctoral dissertation, Carnegie-Mellon University
17. Zacharakis, A.L. and Meyer G.D. (2000). The potential of actuarial decision models: Can they improve the venture capital investment decision? Journal of Business Venturing, 15, pp. 323-346.

## **REQUEST FOR FEEDBACK**

**Dear Readers**

At the very outset, International Journal of Research in Computer Application and Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue as well as on the journal as a whole, on our E-mail [infoijrcm@gmail.com](mailto:infoijrcm@gmail.com) for further improvements in the interest of research.

If you have any queries please feel free to contact us on our E-mail [infoijrcm@gmail.com](mailto:infoijrcm@gmail.com).

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

**Academically yours**

Sd/-

**Co-ordinator**

## ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

### *Our Other Journals*

