CHAPTER - II

Research Methodology
RESEARCH METHODOLOGY

INTRODUCTION

Research is the part and parcel of any systematic knowledge and has been an important part of human understanding in some form or the other since times immemorial. It depicts the urge to know more and more about a particular topic with new findings. Researching is searching for a particular topic again and again with a view to learn more and more about that subject. It has become an integral part for not only the academicians but also for physicians, scientists, sociologists, industrialists etc. as a source of day-to-day decision-making. Nowadays we also have professional units, which carry on the research on varied topics and provide the information along with the data to the required organizations or personnel's. Precisely speaking no academic body of knowledge and no functional area of activity would progress without adequate advancement of research (Michael, 1990). As per the dictionary meaning 'research is a careful investigation or enquiry specially through search for new facts in any branch of knowledge.' The purpose of research is to discover answer to questions through the application of scientific procedures.

STAGES OF A RESEARCH PROJECT

Each and every research work can be carried out using different approaches and the approaches vary depending on the nature of the work. Despite of the fact, every research work has some common stages which, when required can be divided in further sub-stages. Different authors have given different viewpoints but the basic crux remains the same. According to Luck and Rubin, 1994, every project has the following seven stages and these stages have been followed to carry out the present work.

1. Define problem/problems;
2. Specify the information required;
3. Identify the sources of information;
4. Decide on the techniques for acquiring the information;
5. Gather and process the information;
6. Analyze and interpret the information;
7. Present the findings.

ACTION PLAN FOR THE PRESENT STUDY

The present research is carried out to explore the facts and figures about Venture Capital Financing in India.

Type of research: Surveys and Library Research

Survey research: Investigations to gather information were done with help of Web Survey (survey conducted on the Net).

Library research: The conceptual matter and the past facts have been gathered through newspapers, journals, magazines and Internet.

RESEARCH DESIGN

It is an arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. The factors, which are included in a research design, are as follows:

- Means of obtaining information (Data Collection);
- Objective of the research plan;
- Availability of skills of the researcher;
- Objectives of the problems to be studied;
- Nature of the research work;
- Availability of time and money for the research work.

Data Collection : Primary and Secondary source
Primary source : Questionnaire
Secondary source : Library research
Primary source is the one, which is collected on the basis of first hand information and for the first time and is the original piece of work. In this study the primary source was Questionnaire.

- The questionnaire consisted of number of questions in a definite order on a form.
- The questionnaire was both open as well as closed-ended.
- It was structured as well as unstructured.

A specific type of questionnaire was not used, as the requirements of the study were not restricted.

**Objective: Exploratory, Descriptive and Diagnostic**

The aim of any research is to find out the hidden truth, which has not been discovered as yet. The objectives can be grouped under the following heads:

**Exploratory or Formulative research:** This is to gain familiarity with a phenomenon. It includes

1. Survey of relevant literature
2. Experience survey
3. Analysis of 'insight stimulating' examples.

**Descriptive research:** This is to portray the characteristics of a particular individual situation or a group.

**Diagnostic research:** This is to determine the frequency with which something occurs. The present study points out the frequency of the problem occurring in association with other factors.

**Availability of skills of the researcher: Individual and Limited**

**Objectives of the problems to be studied:**

In India very little work has been done so far regarding venture capital financing. To explore more about the facts, the present study was undertaken. The objectives of the present research work are as follows:

1. To study the problems related to venture capitalists;
2. To study the problems faced by new entrepreneurs going in for venture capital;
3. To study the impact of government regulations on both, the venture capitalists as well as new entrepreneurs;

4. To analyze the role of venture capitalists in the growth of the economy;

5. To know about the competitive environment in the field of venture capital financing in India;

6. To compare the ratings of Indian venture capital funds to that of International venture capital funds;

7. To study the position of India's GDP.

Nature of the study: Conceptual

Availability of time and money: Limited

SAMPLING DESIGN

All items in any field of inquiry constitute a 'Universe' or 'Population'. During the field study the respondents selected are the representatives of the total population and selected respondents constitute of a 'sample' and the selection process is known as 'sampling technique'. The survey so conducted is known as the 'sample survey'.

The steps, which are to be followed in a sampling design, are as follows:

1. Type of the Universe;

2. Sampling unit;

3. Source list/Sampling frame;

4. Size of the sample;

5. Parameters of interest/objectives;

Type of Universe: Infinite

The universe is infinite as the idea about the total number of items was uncertain.

Sampling unit: Geographical, Social and Individual

Source list/Sampling frame: Different sources

The source list was prepared using different source like newspaper articles, magazines etc.
Size of the sample:  45 for knowing the problems of venture capitalists
                  10 for knowing the problems of venture funded companies

Sample design is non-probable as the particular units of the universe were considered.

Tool for study: Comparative analysis and percentage calculation through graphs and charts.

LIMITATIONS OF THE STUDY

Every research work when taken poses some problems. It is very difficult to get exactly what the researcher wants. The present work also posed many problems. Some of them are listed below:

1.  Since the data consisted of financial nature, therefore venture capitalists were not willing to share the data regarding investments etc.

2.  The venture-backed companies also were not cooperative. In fact they particularly mentioned that the information is very confidential hence cannot be imparted.

3.  It was very difficult to find out the exact number of venture-backed companies available in India.

4.  The exact number of the venture funds available for new entrants was also not known.

5.  Regarding the secondary data, the annual reports of different venture capital institutions were not available.