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Is VC market Liquid? Evidence from India

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ABSTRACT



This paper models investment duration in the Indian VC market, industry wise and exit route wise. We examined 3416 transactions in India, which happened in the time period of 2000-2017, and found that the probability of staying invested for more than 10 years is 70%. Exit probabilities are low in most of the sectors. Investment duration is not positively associated with the investment valuation. Majority of investments are not able to exit because of the illiquidity of VC market.

KEYWORDS Venture capital; Investment duration; Liquidity; Exit

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