

Section -> 1

* PUT -> * Project Mngt *

± Capital Budgeting -> Capital Budgeting is made up of two words. 'Capital' and 'Budgeting'. Capital Budgeting is a process of evaluating investments and large expenses to obtain the best returns of investment.

process used for evaluating potential expenditures and investments that are significant in amount. The large expenditures include the purchase of fixed assets like land and building, new equipments, rebuilding or replace equipments etc.

* Process of Capital Budgeting *

Identifying investment opportunities

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Evaluation of investment proposals

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Choose the most profitable investment

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Capital budgeting and apportionment

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Performance Review.

1 * Identifying investment opportunities → It is the first step of Capital budgeting. In it organisation needs to identify the opportunities to invest their Capital.

2 * Evaluating investment proposals → It is the second step of Capital budgeting in which the organisation evaluate many investment proposals for invest its Capital.

3 * Choosing a profitable investment → It is the third step of Capital budgeting in which the organisation choose the best proposal for invest its Capital.

4 * Capital Budgeting and Apportionment → After the selected an organisation needs to project fund this project.

5 * Performance Review → The last step in the process of Capital budgeting is reviewing the investment. Initially, the organisation has selected a particular investment for a predicted return. So now they will compare the investment's expected performance to the actual performance.