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CAPITAL BUDGETING DECISIONS:-

It is the planning process used to determine whether an organization's long term investments such as new machinery, replacement of machinery, new plants, new products, & research development project ~~and~~ are worth the funding of cash through the firm's capitalization structure there were several types of capital budgeting decisions:-

- Mutual Exclusive projects.
- Capital Rationing decision.
- Type of Industry.
- General Economic Conditions.
- Pay Back period.
- Internal rate of Return.
- Capital budgeting.

• Motives of Holding Cash:-

• TRANSACTION MOTIVE:-

Cash required by a firm to meet the day to day needs of business operations. The firm requires cash to make the payments to Salaries, Wages & interest.

• PRECAUTIONARY MOTIVE:-

The tendency of a firm to hold cash to meet the contingencies or unforeseen circumstances arising.

• SPECULATIVE MOTIVE:-

To avail the benefit of Bargain purchases that may arise in future, the firm will hold cash & wait for it to happen.