

## **SCREENING OF CAPITAL EXPENDITURE PROPOSALS AND DECISION MAKING**

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### **ABSTRACT**

Capital project planning is the process by which companies allocate funds to various investment projects designed to ensure profitability and growth. Evaluation of such project involves estimating their future benefits to the company and comparing these with their costs. In a competitive economy, the economic viability and prosperity of a company depends upon the effectiveness and adequacy of a capital expenditure evaluation and control procedure. Decision in respect of acquisition of fixed assets is directly linked with the profitability. Capital Budgeting involves the search for new and more profitable investment proposals and the making of an economic analysis to determine the profit potential of each investment proposal. It is a process by which available cash and credit resources are allocated among competitive long-term investment opportunities so as to promote the greatest profitability of company over a period of time. It refers to the total process of Generating, Evaluating, Selecting and Follow up on capital expenditure alternatives.

**KEYWORD:** Capital expenditure, control procedure, profitability

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