

VALUE CREATION IN INDIAN CORPORATE SECTOR: COMPARISON OF MVA & EVA

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ABSTRACT

Shareholders need some measures which would enable them to evaluate and forecast the financial performance of the company. Economic value added (EVA) and market value added (MVA) are two such measures which depict the actual wealth created or destroyed by the company. Hence in the present study an attempt has been made to study the financial performance of selected Indian companies through the use of EVA & MVA metrics. The study concludes that majority of the Indian companies are destroying the wealth of its shareholders. Hence in order to create value, companies need to implement their policies very carefully. Also, companies should start using EVA as a tool of financial performance measurement.

KEYWORDS: Economic Value Added (EVA), Financial Performance Measurement, Market Value Added (MVA), Shareholder Value Creation.

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