[Glossary]

Financial Analysis Using Discounting and Non-Discounting Techniques - II

Subject:	Business Economics
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Unit No. & Title:	Unit – 2 Financial Analysis Using Discounting and Non-Discounting Techniques
Lecture No. & Title:	Lecture – 2 Financial Analysis Using Discounting and Non-Discounting Techniques- II

Glossary

Capital Rationing: It is a process whereby the limited funds available are allocated amongst the financially viable projects which are not mutually exclusive under consideration so as to maximise the wealth of the shareholders.

Equity internal rate of return: Equity IRR is the rate which equates the present value of cash outflows financed by equity shareholders wit6h the present value of all cash inflows available for equity shareholders.

Inflation: when the real purchasing power of money goes down.

NPVI: NPVI is the ratio of net present value to the initial cash outflow

Social cost benefit analysis: Social cost benefit analysis is social evaluation of a project with reference to the social costs and benefits.