

**Current Practices of Capital Budgeting Techniques in Sri Lankan Companies:
Empirical Evidence from Colombo Stock Exchange**

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Abstract

Capital Budgeting (CB) is a relatively established theory in investment realm and the association of CB and the firm's performance is addressed by several researchers over the past few decades. Firms using sophisticated capital budgeting techniques (CBTs) should theoretically perform better than firms using naive models such as the payback period or accounting rate of return. In the Sri Lankan context, it is hardly found evidence in CB. Therefore, the research is designed to tackle the above "puzzling relationship" relates to Sri Lankan companies. Descriptive analysis was the research method which was used to investigate the research problem. The principal data collection techniques were questionnaire survey. Fifty (50) companies engage in commercial perspectives were selected among public listed companies. Subsequently, an investigation about the current practices of CBTs in Sri Lankan companies is addressed through the research.

Key words: *Capital budgeting, Capital budgeting Technique, Current Practices, Sri Lanka, NPV*